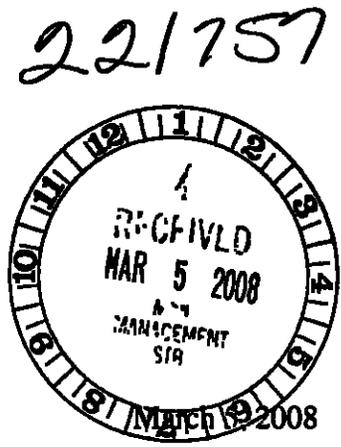


**ASSOCIATION
OF AMERICAN
RAILROADS**



John T. Gray
Vice President - Policy & Economics

The Honorable Anne K. Quinlan
Acting Secretary
Surface Transportation Board
395 E Street, SW
Washington, DC 20423-0001

ENTERED
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Dear Ms. Quinlan

This submission is the AAR forecast of the second quarter 2008 All-Inclusive Index and Rail Cost Adjustment Factor, filed in Ex Parte No. 290 (Sub-No. 5) (2008-2) *Quarterly Rail Adjustment Factor*. The versions of RCAF-related indices covered in this filing are the All-Inclusive Index (initiated in the second quarter 1985), the Unadjusted RCAF (produced since October 1982), the Adjusted RCAF (first published in the second quarter of 1989), and the RCAF-5 (created by the STB in its Ex Parte No. 290 (Sub-No. 7) decision served October 3, 1996). The table below summarizes the second quarter 2008 results on the fourth quarter 2007 base, and shows the percentage changes from the previous quarter.

	<u>2008Q1</u>	<u>2008Q2</u>	<u>% Change</u>
All-Inclusive Index	103.5	106.1	2.5
Preliminary RCAF	1.035	1.061	2.5
Forecast Error Adjustment	0.015	0.016	
RCAF (Unadjusted)	1.050	1.077	2.6
Productivity Adjustment Factor	2.1618	2.1655	
RCAF (Adjusted)	0.486	0.497	2.3
PAF-5	2.2763	2.2859	
RCAF-5	0.461	0.471	2.2

Page 2

March 5, 2008

In its October 3, 1996 decision in Ex Parte No 290 (Sub-No. 7), *Productivity Adjustment - Implementation*, the STB noted its intent to publish, in addition to the RCAF (Unadjusted) and RCAF (Adjusted), an RCAF-5 (i.e., a calculation of the productivity adjusted RCAF values as if the agency had always used a 5-year rolling average to calculate the productivity adjustment). In response to a request by STB staff, the AAR is including a calculation of the RCAF-5 in its quarterly RCAF filing. The AAR and its members, however, do not believe the publication of a third RCAF index is required or permitted by the applicable statute (49 U.S.C. § 10708) and do not endorse its publication.

The STB's Productivity Adjustment Decision, served February 22, 2008, will not go into effect until March 17, 2008. Interested parties have until March 13 to comment, and the AAR has not yet received the data necessary to review the STB's calculation. Therefore, there is some uncertainty involving the productivity adjustment used to calculate the Productivity Adjustment Factor and the RCAF-Adjusted. (The PAF-5 and the RCAF-5 will not be affected by the new productivity adjustment until December's filing.) Since the decision says the "long-run measure of productivity is composed using a five-year moving geometric average", we have used the geometric average found on the first and fourth pages of the STB's decision – which is 0.7 percent per year. However, we recognize that there is a small chance that this number could change.

Two copies of the quarterly non-proprietary work papers underlying this submission are filed herewith, in accordance with the ICC's order in Ex Parte No 290 (Sub-No 2), *Railroad Cost Recovery Procedures*, served February 8, 1990. A third copy of the working papers has been delivered to Mac Frampton in the STB office handling this proceeding. All work papers are available for STB inspection. Questions should be directed to me or Clyde Crimmel (202 639-2309) of this office.

Sincerely,



John T. Gray

Attachments

**Second Quarter 2008
All-Inclusive Index**

Ex Parte No. 290 (Sub-No. 5) (2008-2)

**Quarterly Rail Cost Adjustment Factor
Surface Transportation Board**

**Policy and Economics Department
Association of American Railroads**

March 5, 2008

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Introduction

On January 2, 1985, the Interstate Commerce Commission (ICC) [now the Surface Transportation Board (STB)] adopted the All-Inclusive Index of Railroad Costs as the basis for the Rail Cost Adjustment Factor (RCAF). The quarterly projection of railroad costs, as documented herein, employs the All-Inclusive Index as required by the regulations. Also presented in this submission is the RCAF, both Adjusted and Unadjusted, as required by the ICC in its decision in Ex Parte No. 290 (Sub-No. 4), *Rail Cost Recovery Procedures - Productivity Adjustment*, served March 24, 1989. In addition, the AAR has included (but does not endorse) the RCAF-5, which was instituted by an STB decision served October 3, 1996 in Ex Parte No. 290 (Sub-No. 7), *Productivity Adjustment - Implementation*. This quarter's projection of railroad costs is for the second quarter 2008.

Index Weights

In the Ex Parte No 290 (Sub-No 2) final rules, issued in April 1981, the Interstate Commerce Commission mandated that the weights of each major cost component be updated annually. These "external" weights are calculated using data from Schedules 410 and 210 of the R-1 annual report filed with the Surface Transportation Board by the Class I railroads. The weights are typically updated with the fourth quarter projection.

The 2006 (current) and 2005 (previous) weights are shown below. The previous (2005) weights were used for the fourth quarter of 2006 through the third quarter of 2007. Beginning with the fourth quarter of 2007, the 2006 weights are used. As those familiar with the U.S. economy in 2006 would expect, Fuel and Materials & Supplies increased their weight – especially Fuel. Labor, despite a 5.4 percent increase in the amount of labor expenses, decreased as a percentage of total expenses because of double-digit increases in Fuel and Materials & Supplies expenses. The biggest weight changes were Fuel's increase of 3.2 percentage points, and Other's decrease of 1.5 percentage points. Absolute changes for all of the remaining categories were by less than one percentage point.

RCAF Weights		
	Previous 2005	Current 2006
Labor	35.3 %	34.5 %
Fuel	16.0	19.2
Materials & Supplies	4.6	5.0
Equipment Rents	8.2	7.8
Depreciation	11.1	10.6
Interest	3.1	2.7
Other	21.7	20.2

Reweightings of the index is accomplished by calculating both the current quarter (normally the fourth) and prior (normally the third) quarter indexes with the new weights. The relative change between the two quarters is then multiplied times the prior quarter (usually the third) *linked* index. Use of this method ensures that the weight change, by itself, does not cause a change in the level of the All-Inclusive Index.

Internal weights in the labor and equipment rents components are updated at the same time as the external weights. When these weights are changed, they are also *linked* using the procedure described above in order to eliminate the effect of the change in weighting.

All-Inclusive Index Second Quarter 2008

The components and values of the current and previous All-Inclusive Indexes are shown below
Details of the construction of each component of the index are contained in the Appendices

	2006 Weights	Forecast		Percent Change
		Previous 2008Q1	Current 2008Q2	
1. Labor	34.5%	312.8	313.6	0.3 %
2. Fuel	19.2%	334.8	361.1	7.9
3. M&S	5.0%	218.5	225.1	3.0
4. Equipment Rents	7.8%	193.1	196.6	1.8
5. Depreciation	10.6%	200.1	196.9	-1.6
6. Interest	2.7%	90.2	90.2	0.0
7. Other	20.2%	194.3	199.7	2.8
8. Weighted Average				
a. 1980 = 100		261.1	267.8	
b. 1980 = 100 (linked)		254.4	260.9 ¹	
c. 4Q07 = 100		103.5	106.1 ²	2.5

¹ To calculate the 1980 = 100 Linked Index

$$\begin{aligned} \text{Index}_{80} &= (\text{Current Index} / \text{Previous Index}) * \text{the Previous Quarter Linked Index} \\ &= 267.8 \quad \text{divided by} \quad 261.1 \quad \text{times} \quad 254.4 \\ &= 260.9 \end{aligned}$$

² To calculate the 4Q07 = 100 index

$$\begin{aligned} \text{Index}_{4Q07} &= (\text{Current Linked Index} / 4Q07 Linking Factor) * 100 \\ &= 260.9 \quad \text{divided by} \quad 245.9 \quad \text{times} \quad 100 \\ &= 106.1 \end{aligned}$$

Indexes based on other periods

4Q02 based index = 260.9 / 192.1 x 100 = 135.8
4Q97 based index = 260.9 / 173.2 x 100 = 150.6
4Q92 based index = 260.9 / 156.9 x 100 = 166.3
4Q87 based index = 260.9 / 132.2 x 100 = 197.4

Forecast vs. Actual All-Inclusive Index Fourth Quarter 2007

Because of data availability, the forecast error adjustment has a two-quarter lag from each filing. As shown below, the fourth quarter actual index of 99.9 is 1.6 index points above the forecast value of 98.3. Therefore, the forecast error adjustment for second quarter 2008 is 1.6 index points.

	2006 Weights	Fourth Quarter 2007		Amt Difference
		Forecast	Actual	
1. Labor	34.5%	307.9	307.9	
2. Fuel	19.2%	276.4	298.5	
3. M&S	5.0%	218.4	218.4	
4. Equipment Rents ¹	7.8%	192.9	192.9	
5. Depreciation	10.6%	200.2	197.0	
6. Interest	2.7%	90.2	90.2	
7. Other	20.2%	194.1	193.7	
8. Weighted Average				
a. 1980 = 100		248.1	251.9	
b. 1980 = 100 (linked)		241.7	245.6 ²	
c. 4Q07 = 100 ³		98.3	99.9	1.6

Forecast error \longrightarrow **1.6 Index points**

1	2006 Weights	Fourth Quarter 2007	
		Forecast	Actual
Car-Hire	46.3%	179.7	179.6
Lease Rentals	53.7%	194.1	193.7
Weighted Average		187.4	187.2
Weighted Average (linked)		192.9	192.9

² Linked actual index = (actual index / previous actual index) x previous linked actual index
 $245.6 = 251.9 / 243.8 \times 237.7$

Note: The standard linking procedure has been used to eliminate any changes to indexes that would be caused by updating weights. The Q3 unlinked weighted averages for the All-Inclusive Indexes (forecast and actual) and for Equipment Rents (forecast and actual) were recalculated using the new (2006) weights.

³ The 4Q07 based indexes are 1980 based indexes divided by the 4Q07 linking factor (245.9/100). Other linking factors are: 4Q02 = 192.1, 4Q97 = 173.2, 4Q92 = 156.9, and 4Q87 = 132.2.

Productivity

On February 22, 2008, the Surface Transportation Board (STB) served a decision in Ex Parte 290 (Sub No 4) which added the year 2006 to the Productivity Adjustment Factor (PAF) and deleted the year 2001. This creates a geometric average annual productivity change for 2002 through 2006 of 0.7 percent – a 1.0 percentage point decrease from the 2001 through 2005 average of 1.7 percent. The components of this average annual value are shown on the following table in ratio format – therefore, 1.007 is the same as an increase of 0.7 percent. Productivity changes are calculated by dividing the output index by the input index. The average annual rate is calculated by multiplying each of the five productivity changes together and taking the result to the one fifth power. The quarterly productivity adjustment factors (PAF) are calculated by increasing the previous quarter's PAF by quarterly versions of the annual rate which are the fourth root of the average annual growth rate. The difference between the PAF and the PAF-5 is the timing of the 5-year productivity trend.

Comparison of Output, Input, & Productivity			
2002 - 2006			
Year	Output Index (1)	Input Index (2)	Productivity¹ Changes (3)
2002	1.012	1.006	1.006
2003	1.039	1.020	1.019
2004	1.033	1.057	0.977
2005	1.021	0.956	1.068
2006	0.994	1.024	0.971
Average			1.007
Previous Average (2001-2005)			1.017

¹ The values shown in Column 3 are based on full float calculations and may not exactly match numbers calculated using the rounded numbers displayed in Columns 1 and 2.

Calculation of PAF and PAF-5			
For 2002-2006, use fourth root of avg productivity change = 1.0017			
For 2001-2005, use fourth root of avg productivity change = 1.0042			
Quarter	Year	PAF	PAF-5
Q1	2008	2.1618	2.2763
Q2	2008	2.1655	2.2859
Q3	2008	2.1692	2.2955
Q4	2008	2.1729	2.3051
Q1	2009	2.1766	2.3090

Rail Cost Adjustment Factor Second Quarter 2008

Four RCAF values are presented in this filing. Two are not modified for productivity (Preliminary RCAF and RCAF Unadjusted), and two incorporate a productivity calculation (RCAF Adjusted and RCAF-5). The All-Inclusive Index and all four RCAF values, plus the percent change for each, are shown below. Note that the All-Inclusive Index is on a 2007Q4=100 basis.

	Previous 2008Q1	Current 2008Q2	Percent Change
All-Inclusive Index ¹	103.5	106.1	2.5
Preliminary RCAF ²	1.035	1.061	2.5
Forecast Error Adjustment ³	0.015	0.016	
RCAF (Unadjusted) ⁴	1.050	1.077	2.6
Productivity Adjustment Factor ⁵	2.1618	2.1655	
RCAF (Adjusted) ⁶	0.486	0.497	2.3
PAF-5 ⁷	2.2763	2.2859	
RCAF-5 ⁸	0.461	0.471	2.2

¹ See All-Inclusive Index on page 3.

² All-Inclusive Index divided by the All-Inclusive Index in the base period (100.0).

³ The current figure is from Forecast vs. Actual All-Inclusive Index in this filing (page 4). The previous quarter figure is shown in a similar section of the previous quarter's filing.

⁴ Preliminary RCAF plus the forecast error adjustment.

⁵ See Productivity on page 5.

⁶ RCAF (Unadjusted) divided by the Productivity Adjustment Factor (PAF).

⁷ See Productivity on page 5.

⁸ RCAF (Unadjusted) divided by the PAF-5.

Appendixes

Labor Second Quarter 2008

The second quarter 2008 Labor Index is forecast to increase 0.3 percent. The main contributors to the increase were an employee stock plan and the startup of one railroad's performance bonus.

Wage Index

The Wage Index portion of the Labor Index increased 0.1 percent from the previous quarter. One railroad's new performance bonus program with a major union accounted for much of the slight increase.

Wage Increases: There were no national or independent agreement wage increases scheduled for the second quarter. One new independent agreement for GTW's TCU-Carmen [see Appendix H for a list of railroad and union abbreviations], which featured three retroactive general wage increases plus a bonus, was the only change in regular wages.

Lump Sums: The lump sum rate increased by 2.3 cents mostly because of an independent agreement for one railroad that includes a new performance bonus for a major union. The latest CSX agreement with the BLET begins a performance bonus program payable in 2008 for performance in 2007. Some of the increase caused by the new CSX performance bonus was offset by the complete amortization and removal of last year's NS Thoroughbred Bonus for BLET and ATDA employees. Although a Thoroughbred Bonus was also paid (and added to the rate) in 2008, the amount was not as high as it was for the previous year. Two other smaller lump sums related to CN railroads were completely amortized and removed from the lump sum rate, while a small amount was added for the new CN GTW agreement with the TCU-Carmen.

Back Pay: The back pay rate decreased slightly, although some small amounts (such as back pay relating to the new GTW TCU-Carmen agreement) were added, because of the complete amortization and removal of amounts related to six CN-railroad agreements from one year ago.

Other: Other wages contains the amortization of profit sharing payments that the BNSF Railway makes each year to its dispatchers, yardmasters, and engineers. The current rate is unchanged.

Supplements Index

The Supplements Index is forecast to increase 0.6 percent from the first quarter filing. Almost all of the change was caused by one railroad's employee stock plan.

Health & Welfare: Although employee contributions involving two independent contracts increased, the impact of the change (611 employees affected) was not large enough to change the Health & Welfare hourly rate.

Labor

Second Quarter 2008

Railroad Retirement: The Railroad Retirement rate had a very slight increase because of the slight increase in taxable wages.

Unemployment Insurance: The Unemployment Insurance rate was unchanged for the quarter

Other: The "Other" category is a reflection of all other fringe benefits, and currently contains employer contributions to employee 401(k) accounts, plus employer contributions to employee stock plans that are recorded as fringe benefits. The increase of 6.8 cents was caused mostly by an annual employer contribution by one railroad to an employee stock ownership plan.

Labor Index Calculation

As shown in Table A-1 on the next page, the 0.1 percent increase in the Wage Index and the 0.6 percent increase in the Supplements Index combined to cause a 0.3 percent increase in the Labor Index. The linked second quarter 2008 index is 313.6.

Fuel Second Quarter 2008

The forecast for fuel is based on (1) a survey of railroad fuel purchasing officers concerning current price and volume levels, (2) expectations of railroad purchasing officers based on their own forecast models and discussions with their major suppliers, and (3) a consensus of petroleum industry experts and general business publications

Crude oil* prices trended upward through most of 2007, retreated in January 2008, and are now trending upward again. The average daily posted price for West Texas Intermediate crude oil averaged \$89.45 per barrel in January while declining, and for February will average over \$91 while increasing. Current events for February such as a Texas refinery explosion, tensions with Venezuela, and a falling dollar have contributed to higher prices. By early March, oil prices were over \$100, and the falling dollar was getting much of the blame. Typically during this time of the year, the Organization for Petroleum Exporting Countries (OPEC) cuts production to compensate for a seasonal decrease in demand for oil products. As of early March, OPEC appeared to be rethinking the production cut because of concern that high oil prices could push the U.S. into a recession – which would decrease the demand for oil.

Heating oil** followed a pattern similar to crude oil. The monthly average New York Harbor spot price trended upward for most of the year, but declined in December and January. Weekly prices show increases for the last half of February.

Locomotive diesel fuel prices followed a trend similar to crude and heating oil, as prices ascended to a record high in November, and retreated in December and January 2008. (Although the average price declined in December and January, those two months are still the second and third highest averages ever.)

The railroads believe that April (second quarter) locomotive diesel fuel prices will be 7.9 percent higher than the January (first quarter) forecast, but 12.4 percent higher than first quarter price actually experienced. This difference was caused by a first quarter forecast, probably influenced by the record November prices, that was higher than the actual average price experienced for January.

Forecast Fuel Index	361.1
Change from previous quarter forecast	7.9%
Change from previous quarter actual	12.4%

* Diesel fuel used by locomotives is made from refined crude oil, and therefore has some price correlation.

** Heating oil and locomotive diesel fuel are part of a group of closely related products, commonly labeled as distillates, that differ mostly by their sulfur content. Because of these similarities, these fuels are produced together and have similar pricing trends.

Materials & Supplies

Second Quarter 2008

The Materials & Supplies Index index increased three percent from the previous quarter level. Higher prices for ballast and metal products (such as rail and wheel sets) were the main contributors to the increase

2008Q2 Materials & Supplies Index = 225.1

2008Q1 Materials & Supplies Index = 218.5

Difference	6.6 basis points
	or
	3.0 %

Equipment Rents Second Quarter 2008

The Equipment Rents Index consists of two components – car hire and lease rentals. The methodology used to create these two components and the final Equipment Rents Index are explained below.

Car Hire

The car hire component is indexed using data from the Car Hire Accounting Rate Master (CHARM) file. Car hire rates for the forecast quarter are estimated based on data for the most recent month available. For the first quarter, December 1 of the previous year is used. For the second, third and fourth quarters, March 1, June 1, and September 1 are used, respectively. Using data retrieved from the latest CHARM file, an average rate per car is developed. Next, those average rates are grouped into car type categories to create an overall summary of car hire rates. The summary rates are then compared from quarter to quarter to determine the Car Hire Index.

Lease Rentals

The lease rentals portion of the Equipment Rents Index uses the Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF). The Commission adopted this surrogate in its decision served March 13, 1987. The AAR uses six years of historical data to derive its forecast for the PPI-LF. The forecast is used not only for lease rentals, but also for the "Other" component of the All-Inclusive Index. Appendix G discusses the forecast in more detail.

Equipment Rent Index Calculation

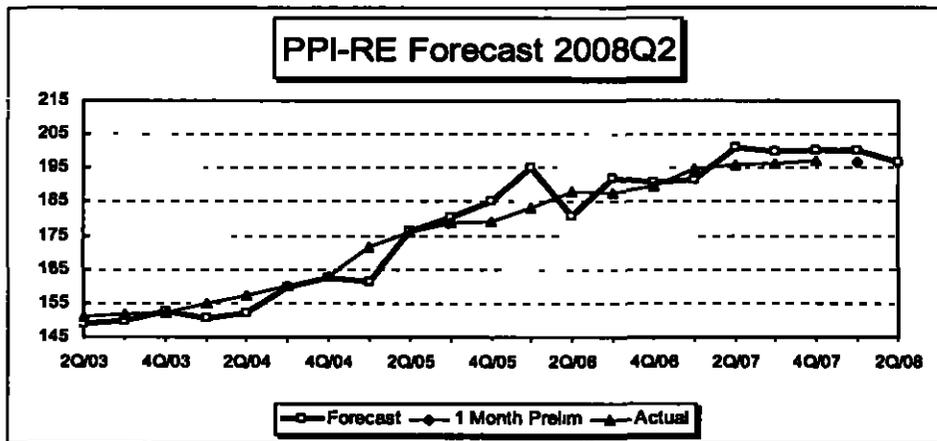
The table below lists the components of the Equipment Rents index, including weights. The Car Hire portion of the Index increased 0.6 percent, mostly because of rate increases for privately-owned cars (especially tank cars). A 2.8 percent increase for the PPI-LF (See Appendix G) used as a proxy for Lease Rentals, combined with the increase for Car Hire, caused the Equipment Rent Index to increase 1.8 percent.

	2006 Weight	2008Q1	2008Q2	Percent Change
Car Hire	46.3%	179.9	181.0	0.6 %
Lease Rentals	53.7%	194.3	199.7	2.8
Weighted Average		187.6	191.0	1.8
Weighted Average (Linked)		193.1	196.6	1.8

Depreciation Second Quarter 2008

The Producer Price Index for Railroad Equipment (PPI-RE) is used to index depreciation expense. The PPI-RE is forecast using an ARIMA (Auto-Regressive Integrated Moving Average) process where a statistical package picks the model that best fits the historical data set (see next page), and that model is then used for the forecast. The historical data set contains 6 years of monthly data (a sample size of 72), where the most recent available data point is the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent period available. April and July would be the most recent months available for third and fourth quarter forecasts, respectively. The output from the forecast model is shown on page 2 of this appendix on a 1982=100 basis. The figure forecast by the model reflects monthly PPI-RE figures that have decreased for three consecutive months.

Forecast of Depreciation Index (1982=100)	178.0
Forecast of Depreciation Index (1980=100)	196.9
Change from previous quarter forecast	-1.6%
Change from actual first month of previous quarter	0.2%
Change from same quarter of prior year (actual)	0.5%



Depreciation Second Quarter 2008

**PPI INDUSTRIAL COMMODITIES LESS FUEL
AND RELATED PRODUCTS AND POWER**

Recommended model Box-Jenkins
Forecast Model for PPIRE
ARIMA(1,1,0)*(1,0,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.2539	0.1169	2.1724	0.9667
Λ[12]	0.2883	0.1212	2.3790	0.9799

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 154.2	Standard deviation 16.5
R-square 0.9944	Adjusted R-square 0.9943
Durbin-Watson 2.085	Ljung-Box(18)=-22.35 P=0.7831
Forecast error 1.242	BIC 1.3
MAPE 0.004773	RMSE 1.225
MAD 0.7493	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2007-08	177.400
2007-09	177.900
2007-10	178.300
2007-11	178.200
2007-12	177.800
2008-01	177.700

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-02	175.659	178.077	180.495
2008-03	174.315	178.192	182.070
2008-04	172.618	177.637	182.657
2008-05	172.072	178.039	184.006
2008-06	171.480	178.269	185.058
QTR AVG	172.057	177.982	183.907

Interest Second Quarter 2008

The Interstate Commerce Commission, in its decision served February 28, 1989, revised the All-Inclusive Index methodology to include a specific interest component, which is to track changes in the average interest rate from year to year. The interest rate is essentially the embedded cost of debt, i.e., total interest expense divided by average total long term debt. The interest rate is calculated for the most recent year and used until the next year's figures are available. Typically in the fourth quarter filing, the interest rate is updated to the new level. The source for interest expense is Schedule 210, column b, from the R-1 annual report. The lines used from current R-1 annual reports are listed below. The source for average total debt is Schedule 200 from the R-1 annual report. The sums of data from columns b and c (ending and beginning balances) are combined and divided by 2 to compute an average balance. The line numbers are listed below. Beginning with fourth quarter 2007, the Interest Index is based on data for 2006.

Interest Expense (Schedule 210)

Line	
42	Total Fixed Charges
44	Contingent Interest
less	
22	Release of Premium on Funded Debt

Average Total Debt (Schedule 200)

Line	
30	Current Loans and Notes Payable
39	Equipment Obligations and Other Long Term Debt Due Within One Year
41	Funded Debt Unmatured - Non-Current
42	Equipment Obligations - Non-Current
43	Capitalized Lease Obligations - Non-Current
44	Debt in Default - Non-Current
45	Accounts Payable Affiliated Companies - Non-Current
46	Unamortized Debt Premium - Non-Current

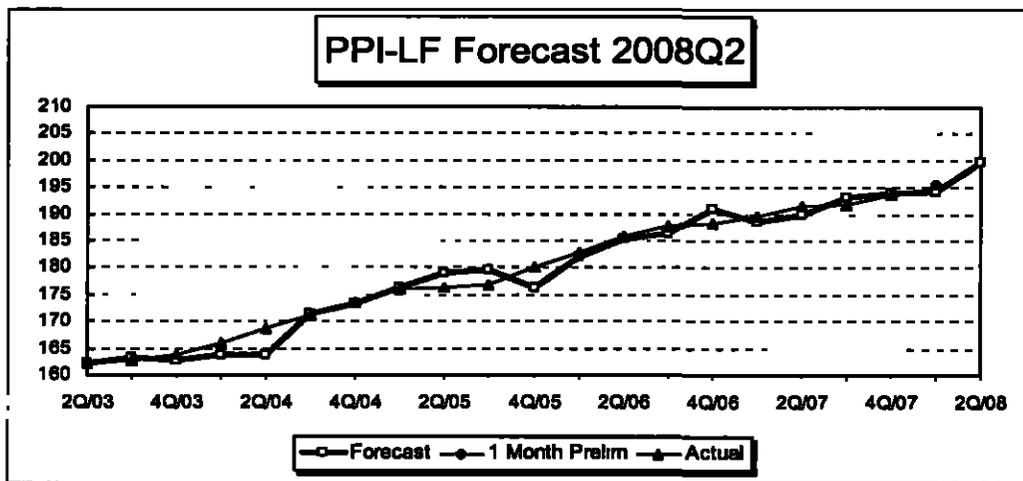
2006	Interest Rate	7.08%
1980	Interest Rate	7.85%
2008Q2	Interest Index	90.2
2008Q1	Interest Index	90.2
	Percent Change	0.0%

Other Expenses Second Quarter 2008

The Producer Price Index for Industrial Commodities less Fuel and Related Products and Power (PPI-LF) is used to index purchased services, casualties and insurance, loss and damage, taxes (other than income and payroll), general and administrative expenses, and lease rentals. These expenses, when grouped together, are usually called "Other" expenses.

Like the PPI-RE, the PPI-LF is forecast using an ARIMA process on 6 years of monthly data (a sample size of 72) with the most recent available monthly data being the first month of the quarter prior to the forecast quarter. For a first quarter forecast, the most recent month of data available would be for October of the prior year. For a second quarter forecast, January would normally be the most recent month available. April and July would be the most recent months available for third and fourth quarter forecasts respectively. The output from the forecast model is shown on page 2 of this appendix for 1982=100. The figure forecast by the model reflects monthly PPI-LF figures where the most recent month increased at a double-digit annual rate.

Forecast of Other Expense Index (1982=100)	178.1
Forecast of Other Expense Index (1980=100)	199.7
Change from previous quarter forecast	2.8%
Change from actual first month of previous quarter	2.0%
Change from same quarter of prior year (actual)	4.3%



Other Expenses Second Quarter 2008

**PPI INDUSTRIAL COMMODITIES LESS FUEL
AND RELATED PRODUCTS AND POWER**

Recommended model Box-Jenkins
Forecast Model for PPILF
ARIMA(1,1,0)*(2,0,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5274	0.1014	5.2003	1.0000
A[12]	0.1570	0.0942	1.6661	0.8997 <
A[24]	0.7498	0.0948	7.9094	1.0000

Within-Sample Statistics

Sample size 72	Number of parameters 3
Mean 156.2	Standard deviation 10.6
R-square 0.9987	Adjusted R-square 0.9986
Durbin-Watson 1.991	Ljung-Box(18)=19.83 P=0.6577
Forecast error 0.3912	BIC 0.4187
MAPE 0.00186	RMSE 0.383
MAD 0.2969	

Actual Values for the Most Recent 6 Periods:

Date	Actual
2007-08	171.100
2007-09	171.200
2007-10	172.000
2007-11	173.100
2007-12	173.200
2008-01	174.600

Forecasted Values

Date	2.5 Lower	Forecast	97.5 Upper
2008-02	174.671	175.427	176.183
2008-03	174.748	176.128	177.508
2008-04	175.145	177.086	179.027
2008-05	175.961	178.399	180.837
2008-06	175.868	178.749	181.629
QTR AVG	175.658	178.078	180.498

Railroad and Union Abbreviations Second Quarter 2008

Railroads

BLE	Bessmer & Lake Eric Railroad (Part of CN's Grand Trunk Corp)
BNSF	BNSF Railway Company
CC	Chicago, Central & Pacific (Part of CN's Grand Trunk Corp Sometimes noted as CC&P)
CN	Canadian National Railway (Commonly known as CN, owns Grand Trunk Corporation)
CNGT	AAR's abbreviation for Grand Trunk Corporation (Almost all of CN's U S operations)
CP	Canadian Pacific Railway (Also noted as CPR Owns the U S Class I railroad Soo Line)
CSX	CSX Transportation
DMIR	Duluth, Missabe & Iron Range Company (Part of CN's Grand Trunk Corp)
DWP	Duluth, Winnipeg & Pacific Railway (Part of CN's Grand Trunk Corp)
GTW	Grand Trunk Western Railroad (Part of CN's Grand Trunk Corp)
IC	Illinois Central Railroad (Part of CN's Grand Trunk Corp)
KCS	Kansas City Southern Railway
NS	Norfolk Southern Combined Railroad Subsidiaries (a k a Norfolk Southern Railway or NS Rail)
SOO	Soo Line Railroad (Canadian Pacific Railway's western U S operations)
SSAM	Sault Saint Marie Bridge Company (Part of CN's Grand Trunk Corp)
UP	Union Pacific Railroad
WC	Wisconsin Central and subsidiaries (Part of CN's Grand Trunk Corp)

Major Unions Involved with Railroads

ATDA	American Train Dispatchers Association
BLET	Brotherhood of Locomotive Engineers and Trainmen Division of the International Brotherhood of Teamsters
BMWED	Brotherhood of Maintenance of Way Employees Division of the International Brotherhood of Teamsters
BRS	Brotherhood of Railroad Signalmen
IAM	International Association of Machinists and Aerospace Workers
IBBM	International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers
IBEW	International Brotherhood of Electrical Workers
NCFO	National Conference of Firemen and Oilers
SMW	Sheet Metal Workers' International Association
TCU	Transportation Communication International Union
TCU-Carmen	Brotherhood of Railway Carmen Division of the Transportation Communications International Union
UTU	United Transportation Union
UTU-Yard	United Transportation Union Yardmaster Department (also noted as UTU-YMD)

Predecessor Unions (Some AAR databases use these old abbreviations.)

BLE	Brotherhood of Locomotive Engineers (predecessor to BLET)
BMWE	Brotherhood of Maintenance of Way Employees (predecessor to BMWED)
BRC	Brotherhood of Railway Carmen (predecessor to TCU-Carmen)
IBFO	International Brotherhood of Firemen and Oilers (predecessor to NCFO)

EX Parte 290-5

Workpapers Sent to STB for 2008 Q2 RCAF

March 5, 2008



1. Index Calculation Spreadsheet (index_calc.xls, 2 pages)
2. Summary (of ST and PFTNW Hourly Rates)
3. Taxable wages adjustment calculation
4. Copy of STB's Productivity Adjustment decision served 2/22/08 (4 pages)
5. National Contracts spreadsheet, 2 sections (2 and 5 pages)
6. National Increase Applicability and U S 2006 Benchmark spreadsheets
7. Three pages of independent GTW-BRC contract including wage increases, H&W, and bonus
8. Wall Street Journal - 3-month Treasury Bill Rate
9. 2008/Q2 RCAF Lump Sum Amortization (3 pages) plus 3 pages of relevant contract info
10. 2008/Q2 RCAF Back Pay Amortization (6 pages)
11. Health & Welfare worksheet (3 pages)
12. Railroad Retirement spreadsheet (5 pages)
13. Unemployment Insurance worksheet
14. 2-page SAS runs for Unemployment Insurance
15. Two pages of information on prices for locomotive diesel fuel and heating oil
16. Summary of Materials & Supplies
17. Car Hire Spreadsheet (2 pages) plus source data (2 pages)
18. 5 pages of PPI-RE for Depreciation including graph, input/output, and BLS source data
19. 5 pages of PPI-LF for Other (and Lease Rentals) incl graph, input/output, BLS source data
20. Forecast Error calculation and workpapers (9 pages)

RCAF All-Inclusive Index's Labor Index Based on 2006 Benchmarks

06 Wts	3Q/07 Original	3Q/07 Rebenchd	% Chg	4Q/07	% Chg fr Org	1Q/08	% Chg	2Q/08	% Chg	3Q/08	% Chg
Straight Time	\$24 362	\$24 278	-0.3%	\$24 724	1.5%	\$25 100	1.5%	\$25 105	0.0%		
PFTNW	\$5 419	\$5 813	7.3%	\$5 918	9.2%	\$5 972	0.9%	\$5 973	0.0%		
Total	\$29 781	\$30 091	1.0%	\$30 642	2.9%	\$31 072	1.4%	\$31 078	0.0%	\$0 000	
Adjustments											
Lump Sum	\$0 138	\$0 135		\$0 136		\$0 136		\$0 159			
Back Pay	\$0 013	\$0 013		\$0 448		\$0 650		\$0 641			
Other	\$0 176	\$0 171		\$0 171		\$0 170		\$0 170			
Total Wages	\$30 108	\$30 410	1.0%	\$31.397	4.3%	\$32.028	2.0%	\$32.048	0.1%	\$0.000	
Pre-Tax Reduction	(\$0 772)	(\$0 755)		(\$0 921)		(\$0 957)		(\$0 958)			
Taxable Wages	\$29.336	\$29.655		\$30.476		\$31.071		\$31.090		\$0.000	
H & W	\$5 515	\$5 719	3.7%	\$5 584	1.3%	\$5 506	-1.4%	\$5 506	0.0%		
RR Ret & Medicare	\$6 235	\$6 236	0.0%	\$6 362	2.0%	\$6 530	2.6%	\$6 533	0.0%		
Unemp Insurance	\$0 186	\$0 186	0.0%	\$0 186	0.0%	\$0 195	4.8%	\$0 195	0.0%		
Other	\$0 085	\$0 083	-2.4%	\$0 066	-22.4%	\$0 080	21.2%	\$0 148	85.0%		
Total	\$12 021	\$12 224	1.7%	\$12 198	1.5%	\$12 311	0.9%	\$12 382	0.6%	\$0 000	
Adjustments											
Total Suppl	\$12 021	\$12.224	1.7%	\$12.198	1.5%	\$12.311	0.9%	\$12.382	0.6%	\$0.000	
Total Labor	\$42 129	\$42 634	1.2%	\$43 595	3.5%	\$44 339	1.7%	\$44 430	0.2%	\$0.000	
Wage Rate Index	0 7210	257 7	260 2	268 7	4 3%	274 1	2 0%	274 3	0 1%	0 0	
Suppl Index	0 2790	444 2	451 7	450 8	1 5%	455 0	0 9%	457 6	0 6%	0 0	
Total Labor Index '05 Wts	309 2										
Total Labor Index '06 Wts	309 7	313 6	319 5	319 5	3 2%	324 6	1 6%	325 4	0 2%	0 0	
Labor Index (Linked)	298.5		307.9	307.9	3.1%	312.8	1.6%	313.6	0.3%	0.0	#####

All Inclusive Index and RCAF

	06 Wts	3Q/07	3Q/07 06 Wts	% Chg	4Q/07	% Chg	1Q/08	% Chg	2Q/08	% Chg	3Q/08	% Chg
Labor	0 345	298 50	298 5	0 0%	307 9	3 1%	312 8	1 6%	313 6	0 3%	0 0	###
Fuel	0 192	253 90	253 9	0 0%	276 4	8 9%	334 8	21 1%	361.1	7 9%	--	--
M&S	0 050	212 60	212 6	0 0%	218 4	2 7%	218 5	0.0%	225 1	3 0%	--	--
Equip Rents	0 078	192 50	192 5	0 0%	192 9	0.2%	193 1	0 1%	196 6	1 8%	0 0	###
Depreciation	0 106	199 90	199 9	0 0%	200 2	0.2%	200 1	0 0%	196.9	-1 6%	--	--
Interest	0 027	96 90	96 9	0 0%	90 2	-6 9%	90 2	0 0%	90 2	0 0%	90 2	0 0%
Other	0 202	193 20	193 2	0 0%	194 1	0 5%	194.3	0 1%	199 7	2 8%	--	--
Weighted Avg	1 000	238 70	240 2	0 6%	248 1	3 3%	261 1	5.2%	267 8	2 6%	2 4	-99 1%
Linked		234 00			241 7	3 3%	254 4	5 3%	260 9	2 6%	2 3	-99 1%
10/1/80 basis	102 7	227 80			235 3	3 3%	247 7	5 3%	254 0	2 5%	2 2	-99 1%
10/1/82	120 9	193 50			199 9	3 3%	210 4	5 3%	215 8	2 6%	1 9	-99 1%
4Q/87	132 2	177 00			182 8	3 3%	192 4	5 3%	197 4	2 6%	1 7	-99 1%
4Q/92	156 9	149 10			154 0	3 3%	162 1	5.3%	166 3	2 6%	1 5	-99 1%
4Q/97	173 2	135 10			139 5	3 3%	146 9	5 3%	150 6	2 5%	1 3	-99 1%
4Q/02	192 1	121 80			125 8	3 3%	132 4	5.2%	135 8	2 6%	1 2	-99 1%
4Q/07 basis	245 9	95 20			98 3	3 3%	103 5	5 3%	106 1	2 5%	0 9	-99 2%
Car Hire	0 463	179 80	179 8	0 0%	179 7	-0 1%	179 9	0 1%	181 0	0 6%	--	--
Lease Rents	0 537	193 20	193 2	0 0%	194 1	0.5%	194 3	0 1%	199 7	2 8%	0 0	--
Wghted Avg Eq Rents		186 60	187 0	0 2%	187 4	0 2%	187 6	0 1%	191 0	1 8%	0 0	--
Linked Equipment Rents		192 50			192 9	0 2%	193 1	0 1%	196 6	1 8%	0 0	###
Preliminary RCAF	0 952				0 983	3 26%	1 035	5 3%	1 061	2 5%	0 009	-99 2%
Forecast Error Adj	(0 016)				0 017		0 015		0 016			
RCAF Unadjusted	0 936				1 000	6 84%	1 050	5 0%	1 077	2 6%	0 009	-99 2%
PAF	2 1438				2 1528	0 42%	2 1618	0 42%	2 1655	0 17%	--	--
RCAF Adjusted	0 437				0 465	6 41%	0 486	4.5%	0 497	2 3%	#DIV/0!	
PAF-5	2 2562				2 2668	0 47%	2 2763	0 42%	2 2859	0 42%	--	--
RCAF-5	0 415				0 441	6 27%	0 461	4 5%	0 471	2 2%	#DIV/0!	

Note.
The RCAFs shown here for Q3 and Q4 have been recalculated using a 4Q/07=100 base.

Hourly Rate for 2008 Q2 Straight Time and Time Paid For But Not Worked

2008Q2 Straight Time Hourly Rate (from national spreadsheet) \$24 990
 No change

Adjustments to 2006 base:

Adjustments added 2007 Q1

CN Railroads	3% for GTW UTU YMD \$0 15 or \$0 01 COLA for some unions	0 003
Dispatcher 4 (BNSF, CSX, KCS, NS)	\$0 15 COLA for BNSF and KCS	0 001
MISC Independent BLET UTU YMD ATDA	\$0 01 for UP ATDA, 2% for NS BLET, \$0 15 for BNSF BLET, CSX BLET & YMO UP YMO	0 028
SOO Unions	\$0 08 COLA for BMW, \$0 15 COLA for rest	0 002

Adjustments added 2007 Q2

CN Railroads	New contracts retro GWI for DMIR IBBM GTW BLET IC TCU-CAR	0 003
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Adjustments added 2007 Q3

CN Railroads	3% GWI and \$0 10 COLA for some unions	0 007
Dispatcher 4 (BNSF, CSX, KCS, NS)	\$0 10 COLA for BNSF, CSX and KCS	0 001
MISC Independent BLET, Yardmasters Dispatchers	\$0 10 for BNSF BLET, CSX & UP YMD, new CSX BLET contract retro GWI	0 008
SOO Unions	\$0 05 COLA for BMW, \$0 10 COLA for rest	0 001

Adjustments added 2007 Q4

CN Railroads	New contracts retro GWI for DMIR BRC IC&CCP BMW, GTW TCU, WC&SSAM UTU	0 015
Dispatcher 4 (BNSF, CSX, KCS, NS)	New national contract retro GWI for BNSF, CSX and KCS	0 009
MISC Independent BLET Yardmasters Dispatchers	New BNSF BLET contract with retro GWIs	0 018
SOO BLET	new BLET contract with retro GWIs	0 004

Adjustments added 2008 Q1

CN Railroads	New IC&CCP BRR 4% for SSAM&WC BRR, 3% for non-unions, \$0 16 COLA for some CCP DMIR, IC	0 005
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0 000
MISC Independent BLET Yardmasters Dispatchers	\$0 16 COLA for CSX and UP UTU-YMD \$0 03 (should have been 3%) for UP ATDA (non-union)	0 001
SOO BLET	New ATDA, IBBM and TCU contracts, \$0 16 COLA for rest except BLET	0 004

Adjustments added 2008 Q2

CN Railroads	New GTW TCU-Carman with retroactive G W I	0 001
Dispatcher 4 (BNSF, CSX, KCS, NS)	No change	0 000
MISC Independent BLET Yardmasters Dispatchers	UP ATDA adjustment	0 004
SOO	No change	0 000

Adjusted STHR Total **\$25.105**

Pay For Time Not Worked

PFTNW (from national spread sheet)		\$5 948
Ratio Adj STHR to Nat STHR	25 105 / 24 990 =	1 00460

Adjusted Pay For Time Not Worked **\$5.973**

Notes

- 1 CN Railroads includes B&LE, CC&P, DMIR, DW&P, GTW, IC, WC, and SSAM
- 2 "Dispatcher 4" was benchmarked based on 2006 Wage Statistics as independent The new national ATDA contract was signed September 1, 2007 but still added to 4Q 2007 wage rate as independent adjustments

RCAF Taxable Wages

(To Use for Railroad Retirement and Unemployment Insurance Payroll Tax Calculations)

In the RCAF calculation, Total Wages are the wages paid, while Taxable Wages are the wages on which to base payroll tax calculations. The difference is caused by pre-tax employee contributions to help pay Health & Welfare costs. This page calculates that wage rate difference.

The national agreements feature employee Health & Welfare cost sharing. Some of the independent agreements adopt the dollar amount contributed under the national agreement, and some have their own employee contribution rate such as the CN Management H&W Plan. This Cost Sharing is a pre-tax employee contribution to Health & Welfare insurance premiums paid by the employer. The employee contribution reduces employer Health & Welfare costs, while the Health & Welfare insurance premiums paid to the provider are unchanged. In the RCAF calculation, the reduction to the employer's Health & Welfare costs affect the Supplements portion of the Labor component of the index. The Taxable Wage Rate is used for Railroad Retirement and Unemployment Insurance calculations.

Reduction Calculation for 2Q/2008

U S ST Hours = 342,756,730
 Wage Statistics are for 2006

Union Group	Employees	Mo. Rate	Annual \$
National BLET (BNSF, CSX, KCS, NS, UP)	28,966	(\$166 25)	(\$57,787,170 00)
National BMW (BNSF, CSX, KCS, NS, UP)	24,090	(\$166 25)	(\$48,059,550 00)
National BRS (BNSF, CSX, KCS, NS, UP)	5,859	(\$166 25)	(\$11,688,705 00)
National IAM (BNSF, CSX, KCS, NS, UP)	6,763	(\$149 04)	(\$12,095,490 24)
National IBBM (BNSF, CSX, KCS, NS, UP)	1,051	(\$166 25)	(\$2,096,745 00)
National IBEW (BNSF, CSX, KCS, NS, UP)	4,929	(\$166 25)	(\$9,833,355 00)
National NCFO (BNSF, CSX, KCS, NS, UP)	2,404	(\$166 25)	(\$4,795,980 00)
National SMW (BNSF, CSX, KCS, NS, UP)	1,059	(\$166 25)	(\$2,112,705 00)
National TCU (BNSF, CSX, KCS, NS, UP)	8,383	(\$166 25)	(\$16,724,085 00)
National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,407	(\$166 25)	(\$20,761,965 00)
National UTU (BNSF, CSX, KCS, NS, UP)	44,297	(\$170 44)	(\$90,599,768 16)
National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$170 44)	(\$3,479,021 28)
Indep Dispatchers (wt avg BNSF, CSX, KCS, NS)	1,791	(\$164 92)	(\$3,544,460 64)
Independent CNGT (wt avg all 104 union categories)	5,892	(\$79 81)	(\$5,642,886 24)
Independent SOO (wt avg all 13 unions)	2,567	(\$128 72)	(\$3,965,090 88)
Independent UP (Yardmasters only)	491	(\$161 76)	(\$953,089 92)
Total Union	150,650		(\$294,140,067 36)
All Other @ \$2,839,968 66 total per month			(\$34,079,623 92)
Total			(\$328,219,691 28)

Reduction in Wage Rate Per ST Hour	-\$0.95758788
Deduct this amount from the Wage Rate	-\$0.958

38816
EB

SERVICE DATE – FEBRUARY 22, 2008

SURFACE TRANSPORTATION BOARD

DECISION

STB EX PARTE NO 290 (SUB-NO 4)

RAILROAD COST RECOVERY PROCEDURES-PRODUCTIVITY ADJUSTMENT

Decided. February 20, 2008

We propose to adopt 1.008 (0.8% per year) as the measure of average change in railroad productivity for the 2002-2006 (5-year) averaging period. This value is a decline of 0.9 of a percentage point from the current measure of 1.7% that was developed for the 2001-2005 period.

Since 1989, the cost recovery procedures have required that the quarterly rail cost adjustment factor (RCAF) be adjusted for long-run changes in railroad productivity. The ICC Termination Act of 1995 continues this requirement (49 U.S.C. 10708, as revised). The long-run measure of productivity is computed using a 5-year moving geometric average.¹

Productivity change for the year 2006 is 0.971 based on changes in input and output levels from 2005, representing a decrease of 9.1% from the rate of productivity growth in 2005 relative to 2004 (1.068). Incorporating the 2006 value with the values for the 2002-2005 periods produces a geometric average productivity growth of 1.007 for the 5-year period 2002-2006, or 0.7% per year. The decrease in the 5-year geometric average productivity growth was caused by the replacement of the higher 2001 productivity value of 1.016 with the lower 2006 productivity value of 0.971 in the 5-year rolling average. A detailed discussion of our calculations is contained in the Appendix to this decision.

Comments may be filed addressing any perceived data and computational errors in our calculation. Any party proposing a different estimate of productivity growth must, at the time it files comments, furnish the Board with one set of detailed workpapers and documentation underlying its calculations. The same information must be made available to other parties upon request.

ENVIRONMENTAL AND ENERGY CONSIDERATIONS

This decision will not significantly affect the quality of the human environment or the conservation of energy resources.

¹ Productivity Adjustment-Implementation, 9 I.C.C. 2d 1072 (1993)

REGULATORY FLEXIBILITY ANALYSIS

Pursuant to 49 U S C 605(b), we conclude that our action in this proceeding will not have a significant economic impact on a substantial number of small entities. No new regulatory requirements are imposed directly or indirectly on such entities. The purpose of our action in this proceeding is to update the data used to measure railroad productivity changes. Reporting requirements remain unchanged. The economic impact on small entities, if any, is not likely to be significant within the meaning of the Regulatory Flexibility Act.

AUTHORITY 49 U.S.C. 10708, as revised

It is ordered.

- 1 Comments are due by March 13, 2008
- 2 An original and 10 copies must be filed with

Surface Transportation Board
395 E Street, S W
Washington, DC 20423-0001

- 3 Comments must be served on all parties appearing on the current service list
- 4 Unless a further order is issued postponing the effective date, the productivity adjustment will become effective March 17, 2008

By the Board, Chairman Nottingham, Vice Chairman Mulvey, and Commissioner Buttrey

Anne K. Quinlan
Acting Secretary

APPENDIX

The following is a description of the methodology currently used to calculate the RCAF productivity adjustment.² The annual rate of productivity change is calculated by dividing an output index by an input index

The input index uses constant dollar-adjusted expenses. The inputs in this index - freight expenses, fixed charges and contingent interest - are stated on a constant dollar basis using the most recent year as the base, and updating the base by the Series RCR Index published by the Association of American Railroads. Freight expenses, fixed charges, and contingent interest were obtained from railroad Annual Report (Form R-1) data. The constant dollar adjustment factor for each of the 5 years was calculated by dividing the 2006 RCR index value (397) by the RCR index values for 2001 and each subsequent year through 2005, inclusive. Because 2006 is the last year in the trend, no constant dollar adjustment was needed for that year. The calculation of the input indices and values used are shown in Table A.

The 2006 output index was developed from the costed waybill sample, a commonly used data source. The costed waybill sample excludes movements originating in Canada and Mexico and movements lacking sufficient information for the application of unit costs

Using the costed waybill sample as a base, each movement is assigned to one of the 189 segments or categories used to develop the output index. Segmentation is based on three mileage blocks, seven car types, three weight brackets, and three shipment sizes. The output index is a composite of the year-to-year change in ton-miles for each of the 189 segments weighted by each segment's base-year share of total revenues

The change in productivity is calculated by dividing the output index by the input index. The multi-year average for the period 2002-2006 is calculated by taking a geometric average. The growth in productivity over the period 2002-2006 is 1.008 (0.8% per year). The input index, the output index, the annual productivity change, and the calculation of the 2002-2006 average are shown in Table B

² The development and application of the productivity adjustment is explained in the decision in this proceeding found at 5 I C C 2d 434 (1989)

**Table A
Calculation of Input Indices
2002-2006**

Year	Total Expense Unadjusted (000's) (1)	RCR Indices 2001-2006 (2)	Total Expense Constant Dollars (000's) (2006 Levels) (3)	Input Index Column (3) 2002/2001 etc (4)
2001	30,215,650	303 4	39,537,288	xxxxx
2002	30,635,036	305 7	39,784,460	1 006
2003	32,368,909	316 7	40,576,119	1 020
2004	36,097,189	334 1	42,893,098	1 057
2005	38,927,852	376 8	41,014,749	0 956
2006	41,989,707	397	41,989,707	1 024

**Table B
Comparison of Output, Input, and Productivity
2002-2006**

Year	Output Index (1)	Input Index (2)	Productivity Change ³ Col (1)-Col (2) (3)
2002	1 012	1 006	1 006
2003	1 039	1 020	1 019
2004	1 033	1 057	0 977
2005	1 021	0 956	1 068
2006	0 994	1 024	0 971

The proposed 5-year (2002-2006) productivity trend calculated using a geometric average is 1 007, or 0 7% per year

³ The values shown in Column 3 are taken from the spreadsheet used to calculate productivity and, due to rounding, may not equal numbers calculated using the rounded numbers shown in Columns 1 and 2

National Contracts U.S.

		Straight Time Hourly Rate										Check Sum				
UTU	Weight	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	1 00000	332 017
	0.27223	0.04641	0.19691	0.0056	0.0335	0.13529	0.05895	0.01288	0.03684	0.00593	0.02736	0.01269	0.0117	0.14371	1 00000	332 017
2006 Avg	20 235	22 129	21 774	21 652	23 127	19 980	21 403	17 764	21 657	19 684	22 227	31 747	27 519	41 118		
12/31/06	20 242	22 134	21 778	21 658	23 130	19 991	21 412	17 776	21 672	19 698	22 232	31 801	27 524	41 118		
1/1/07	20 386	22 270	21 829	21 804	23 130	20 065	21 551	17 920	21 815	19 839	22 375	31 801	27 588	41 128		
4/1/07	20 386	22 270	21 829	21 804	23 130	20 065	21 551	17 920	21 815	19 839	22 375	31 801	27 588	41 128		
7/1/07	20 481	22 360	21 864	21 902	23 130	20 111	21 644	18 016	21 911	20 252	22 470	31 801	27 631	41 128		
10/1/07	20 481	22 360	22 339	23 009	25 045	21 742	21 644	18 772	21 911	21 147	22 470	31 801	27 631	41 128		
1/1/08	20 634	23 413	22 339	23 009	25 045	21 742	22 682	18 772	22 064	21 147	23 592	31 801	27 700	42 362		
4/1/08	20 634	23 413	22 339	23 009	25 045	21 742	22 682	18 772	22 064	21 147	23 592	31 801	27 700	42 362		
7/1/08	20 634	23 413	22 339	23 009	25 045	21 742	22 682	18 772	22 064	21 147	23 592	31 801	27 700	42 362		

		Weighted Straight Time Hourly Rate										Total				
UTU	Weight	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	24,069	24,076
2006 Avg	5 509	1 027	4 288	0 121	0 775	2 703	1 262	0 229	0 798	0 117	0 608	0 403	0 322	5 909	24,069	24,076
12/31/06	5 511	1 027	4 288	0 121	0 775	2 705	1 262	0 229	0 798	0 117	0 608	0 403	0 322	5 909	24,076	24,165
1/1/07	5 550	1 033	4 298	0 122	0 775	2 715	1 270	0 231	0 804	0 118	0 612	0 403	0 323	5 911	24,165	24,165
4/1/07	5 550	1 033	4 298	0 122	0 775	2 715	1 270	0 231	0 804	0 118	0 612	0 403	0 323	5 911	24,165	24,224
7/1/07	5 576	1 038	4 305	0 123	0 775	2 721	1 276	0 232	0 807	0 120	0 615	0 403	0 323	5 911	24,224	24,624
10/1/07	5 576	1 038	4 399	0 129	0 839	2 942	1 276	0 242	0 807	0 125	0 615	0 403	0 323	5 911	24,624	24,990
1/1/08	5 617	1 087	4 399	0 129	0 839	2 942	1 337	0 242	0 813	0 125	0 646	0 403	0 324	6 088	24,990	24,990
4/1/08	5 617	1 087	4 399	0 129	0 839	2 942	1 337	0 242	0 813	0 125	0 646	0 403	0 324	6 088	24,990	24,990
7/1/08	5 617	1 087	4 399	0 129	0 839	2 942	1 337	0 242	0 813	0 125	0 646	0 403	0 324	6 088	24,990	24,990

Note: The 2006 Average and 12/31/06 Straight Time Hourly Rates are the industry rates, and include all Class 1 railroad employees. The rates for 1/1/07 through 7/1/08 are based on the industry year-end rates updated by NATIONAL UNION wage increases using contract information. These national increases are diluted using "percent national" ratios to account for non-national union contracts. The impacts of non-national (or independent contract) increases after 2006 are not shown on this page and are handled separately.

National Contracts U.S.

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER
Weight	0.27223	0.04641	0.19691	0.0056	0.0335	0.13529	0.05895	0.01288	0.03684	0.00593	0.02736	0.01269	0.0117	0.14371
2006 Avg	8 161	5 075	8 700	4 027	4 946	3 578	3 775	3 083	4 065	2 945	4 076	6 505	7 156	1 410
12/31/06	8 164	5 076	8 702	4 028	4 947	3 580	3 777	3 085	4 068	2 947	4 077	6 516	7 157	1 410
1/1/07	8 222	5 107	8 722	4 056	4 947	3 593	3 801	3 110	4 095	2 969	4 103	6 516	7 174	1 410
4/1/07	8 222	5 107	8 722	4 056	4 947	3 593	3 801	3 110	4 095	2 969	4 103	6 516	7 174	1 410
7/1/07	8 260	5 128	8 736	4 074	4 947	3 601	3 818	3 127	4 113	3 030	4 121	6 516	7 185	1 410
10/1/07	8 260	5 128	8 926	4 280	5 356	3 893	3 818	3 258	4 113	3 164	4 121	6 516	7 185	1 410
1/1/08	8 322	5 369	8 926	4 280	5 356	3 893	4 001	3 258	4 142	3 164	4 326	6 516	7 203	1 452
4/1/08	8 322	5 369	8 926	4 280	5 356	3 893	4 001	3 258	4 142	3 164	4 326	6 516	7 203	1 452
7/1/08	8 322	5 369	8 926	4 280	5 356	3 893	4 001	3 258	4 142	3 164	4 326	6 516	7 203	1 452

Pay For Time Not Worked Hourly Rate

	UTU	TCU	BLET	SMWIA	BRS	BMWE	TCU-CAR	NCFO	IAM	IBBM	IBEW	ATDA	YDMSTR	OTHER	Total
2006 Avg	2 222	0 236	1 713	0 023	0 166	0 484	0 223	0 040	0 150	0 017	0 112	0 083	0 084	0 203	5 753
12/31/06	2 223	0 236	1 713	0 023	0 166	0 484	0 223	0 040	0 150	0 017	0 112	0 083	0 084	0 203	5 754
1/1/07	2 238	0 237	1 718	0 023	0 166	0 486	0 224	0 040	0 151	0 018	0 112	0 083	0 084	0 203	5 781
4/1/07	2 238	0 237	1 718	0 023	0 166	0 486	0 224	0 040	0 151	0 018	0 112	0 083	0 084	0 203	5 781
7/1/07	2 249	0 238	1 720	0 023	0 166	0 487	0 225	0 040	0 152	0 018	0 113	0 083	0 084	0 203	5 800
10/1/07	2 249	0 238	1 758	0 024	0 179	0 527	0 225	0 042	0 152	0 019	0 113	0 083	0 084	0 203	5 894
1/1/08	2 266	0 249	1 758	0 024	0 179	0 527	0 236	0 042	0 153	0 019	0 118	0 083	0 084	0 209	5 946
4/1/08	2 266	0 249	1 758	0 024	0 179	0 527	0 236	0 042	0 153	0 019	0 118	0 083	0 084	0 209	5 946
7/1/08	2 266	0 249	1 758	0 024	0 179	0 527	0 236	0 042	0 153	0 019	0 118	0 083	0 084	0 209	5 946

U.S. National Contract

UTU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				20 23547	8 16146
12/31/06 Industry Rate				20 24249	8 16429
1/1/07		0 15000	95 388%	20.38558	8 22200
4/1/07			95 388%	20 38558	8 22200
7/1/07		0 10000	95 388%	20 48097	8 26047
10/1/07			95 388%	20 48097	8 26047
1/1/08		0 16000	95 388%	20 63359	8 32203
4/1/08			95 388%	20 63359	8 32203
7/1/08			95 388%	20 63359	8 32203

TCU

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				22 12944	5 07490
12/31/06 Industry Rate				22 13431	5.07602
1/1/07		0 15000	90 271%	22 26971	5 10707
4/1/07			90 271%	22 26971	5 10707
7/1/07		0 10000	90 271%	22 35998	5 12777
10/1/07			90 271%	22 35998	5.12777
1/1/08			90 271%	23.41299	5.36926
4/1/08			90 271%	23.41299	5 36926
7/1/08			90 271%	23 41299	5 36926

BLET

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 77389	8 70021
12/31/06 Industry Rate				21 77803	8 70187
1/1/07		0 15000	34.251%	21 82941	8 72240
4/1/07			34 251%	21.82941	8 72240
7/1/07		0 10000	34 251%	21.86366	8 73608
10/1/07			34 251%	22.33929	8 92613
1/1/08			34 251%	22 33929	8 92613
4/1/08			34 251%	22 33929	8 92613
7/1/08			34 251%	22 33929	8 92613

U.S. National Contract

SMWIA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 65197	4 02722
12/31/06 Industry Rate				21 65761	4 02827
1/1/07		0.15000	97 827%	21 80435	4 05556
4/1/07			97 827%	21 80435	4 05556
7/1/07		0 10000	97 827%	21 90218	4 07376
10/1/07			97 827%	23.00919	4 27966
1/1/08			97 827%	23 00919	4 27966
4/1/08			97 827%	23 00919	4 27966
7/1/08			97.827%	23 00919	4 27966

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

BRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				23 12687	4 94609
12/31/06 Industry Rate				23 13040	4 94685
1/1/07			94 845%	23 13040	4 94685
4/1/07			94.845%	23 13040	4 94685
7/1/07			94 845%	23 13040	4 94685
10/1/07			94 845%	25.04482	5.35628
1/1/08			94 845%	25 04482	5 35628
4/1/08			94.845%	25 04482	5 35628
7/1/08			94 845%	25 04482	5 35628

New contract adds three retro G W I

No COLA provision in BRS 8/24/03 agreement

BMWE

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				19 97987	3.57778
12/31/06 Industry Rate				19.99121	3 57981
1/1/07		0 08000	92 392%	20 06512	3 59305
4/1/07			92 392%	20 06512	3 59305
7/1/07		0 05000	92 392%	20.11132	3 60132
10/1/07			92 392%	21.74237	3 89339
1/1/08			92 392%	21 74237	3 89339
4/1/08			92 392%	21 74237	3 89339
7/1/08			92 392%	21 74237	3 89339

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

U.S. National Contract

TCU-Carmen

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 40302	3 77519
12/31/06 Industry Rate				21 41190	3 77676
1/1/07		0 15000	92 710%	21 55096	3 80128
4/1/07			92 710%	21 55096	3 80128
7/1/07		0 10000	92 710%	21 64367	3 81764
10/1/07			92 710%	21 64367	3 81764
1/1/08			92 710%	22.68153	4 00070
4/1/08			92 710%	22 68153	4 00070
7/1/08			92 710%	22 68153	4 00070

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

NCFO

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				17 76407	3 08290
12/31/06 Industry Rate				17 77636	3 08503
1/1/07		0 15000	95 865%	17 92016	3 10999
4/1/07			95 865%	17 92016	3 10999
7/1/07		0 10000	95 865%	18 01602	3 12662
10/1/07			95 865%	18.77239	3 25789
1/1/08			95 865%	18.77239	3 25789
4/1/08			95 865%	18.77239	3 25789
7/1/08			95 865%	18 77239	3 25789

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

IAM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				21 65735	4 06537
12/31/06 Industry Rate				21 67225	4.06817
1/1/07		0 15000	95 478%	21 81546	4 09505
4/1/07			95 478%	21.81546	4 09505
7/1/07		0 10000	95 478%	21 91094	4.11297
10/1/07			95.478%	21 91094	4.11297
1/1/08		0 16000	95 478%	22.06371	4 14165
4/1/08			95 478%	22 06371	4 14165
7/1/08			95 478%	22 06371	4 14165

U.S. National Contract

IBBM

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				19 68410	2 94546
12/31/06 Industry Rate				19 69762	2 94749
1/1/07		0 15000	93 938%	19 83853	2 96857
4/1/07			93 938%	19 83853	2 96857
7/1/07		0 44000	93 938%	20 25186	3 03042
10/1/07			93 938%	21 14699	3 16437
1/1/08			93 938%	21 14699	3 16437
4/1/08			93 938%	21 14699	3 16437
7/1/08			93 938%	21 14699	3 16437

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

12/14/04 contract states effective 8/1/07 wage rate shall be increased \$0.34 per hour

IBEW

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				22 22681	4 07615
12/31/06 Industry Rate				22 23189	4 07708
1/1/07		0 15000	95 112%	22 37456	4 10324
4/1/07			95 112%	22 37456	4 10324
7/1/07		0 10000	95 112%	22 46967	4 12068
10/1/07			95 112%	22 46967	4 12068
1/1/08			95 112%	23 59176	4 32646
4/1/08			95.112%	23 59176	4 32646
7/1/08			95.112%	23 59176	4 32646

New contract removes COLAs beginning 7/1/05 and adds three retro G W I

ATDA

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				31 74691	6 50471
12/31/06 Industry Rate				31 80064	6 51572
1/1/07			0 000%	31 80064	6 51572
4/1/07			0 000%	31 80064	6 51572
7/1/07			0 000%	31 80064	6 51572
10/1/07			0 000%	31 80064	6 51572
1/1/08			0 000%	31 80064	6 51572
4/1/08			0 000%	31 80064	6 51572
7/1/08			0 000%	31 80064	6 51572

Each railroad has been benchmarked as independent even though a national agreement was signed 9/1/07

U.S. National Contract

YDMSTRS

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				27 51913	7 15606
12/31/06 Industry Rate				27 52390	7 15730
1/1/07		0 15000	42 979%	27 58837	7 17407
4/1/07			42 979%	27 58837	7 17407
7/1/07		0 10000	42 979%	27 63135	7 18524
10/1/07			42 979%	27 63135	7 18524
1/1/08		0 16000	42.979%	27 70012	7 20313
4/1/08			42 979%	27 70012	7 20313
7/1/08			42 979%	27 70012	7 20313

OTHER

	Percentage Increase	Cents Increase	Applicable	ST HR	PFTNW HR
2006 Industry Avg				41 11808	1.40970
12/31/06 Industry Rate				41 11808	1 40970
1/1/07		0 01000	100 000%	41 12808	1 41004
4/1/07			100 000%	41 12808	1 41004
7/1/07			100 000%	41 12808	1 41004
10/1/07			100 000%	41 12808	1.41004
1/1/08	3.00%		100 000%	42 36192	1 45234
4/1/08			100 000%	42 36192	1 45234
7/1/08			100 000%	42 36192	1 45234

Check Sums

	Increase	Applicable	ST HR	PFTNW HR
2006 AVG			332 01699	67 50320
12/31/06			332 16670	All three should match check sums on U S Benchmark page
		1121 058%		
	Should match check sum on National Increase Applicability for U S Total page	ok matches	ok matches	ok matches
			ok matches	

National Increase Applicability for U.S. Total

Year 2006	Not Part of National Agreements*																	U S	
	U S Total	ST Hours Pd	CSX (E)	BLE (E)	DMIR (E)	GTW (E)	IC (E)	CCP (E)	DWP (E)	SSAM (E)	WC (E)	NS (E)	BNSF (W)	KCS (W)	SOD (W)	UP (W)	ST Hours Pd	National Increase	Percent National Contract
UTU	99,309,110			35,370	115,487	542,886	1,428,942	133,488	79,324	14,355	639,019				1,313,537		89,005,801		95.386%
TCU	15,908,089			14,996	123,299	278,751	490,759	13,687	27,487	0	122,443				478,068		14,358,618		90.271%
BLET	67,492,528	11,308,000		19,849	65,589	404,561	929,804	103,045	70,931	11,440	555,994	9,887,735	19,938,612		1,082,091		23,117,077		34.251%
SMW	1,919,076			0	3,903	0	34,456	0	0	0	0				3,335		1,877,382		97.827%
BRS	11,482,130			9,470	0	98,978	218,329	29,817	13,238	0	116,174				103,951		10,890,175		94.845%
SMWE	48,373,055			60,177	0	398,876	988,041	169,616	0	79,255	958,927				885,046		42,845,117		92.392%
TCU-CAR	20,206,363			25,968	54,805	216,261	520,782	24,518	19,906	0	322,127				288,799		18,735,396		92.710%
IBFO	4,413,389			2,316	0	33,515	80,988	0	0	0	0				65,814		4,230,876		95.865%
IAM	12,626,873			9,520	42,989	18,086	272,583	7,175	3,824	0	49,098				167,905		12,055,713		95.478%
IBBM	2,032,168			0	1,796	0	58,450	2,102	0	0	0				62,834		1,908,988		93.938%
IBEW	9,378,172			10,738	68,328	34,888	188,236	11,365	3,512	4,912	32,667				105,975		8,920,750		95.112%
ATDA	4,348,885			0	1,884	27,689	78,438	0	7,408	0	61,791	875,647	1,180,109	70,551	84,615	1,302,414	0	0	0.000%
UTU-YMC	4,009,853			0	0	63,775	81,254	0	0	0	42,136				79,967	896,832	1,723,405		42.979%
OTHER	49,258,229																49,258,229		100.000%
TOTAL	342,766,730	13,076,863	188,404	475,871	2,117,054	5,350,622	494,805	225,410	109,982	2,900,378	10,763,382	21,128,721	70,551	4,728,938	2,199,246	278,925,525			1121.058%
Sum (for proofing)																			

* In some cases, a railroad union is part of the national agreement but is being benchmarked as independent in anticipation of future independent agreements or because of a variation in their interpretation of the agreement

Statistics based on AAR's 2006 112-Class Wage Statistics and knowledge of contracts as of August 2007

Percentages are full float

ATDA (dispatchers) are independent for each railroad Although BNSF, CSX, and KCS are participating in a tentative national agreement they are benchmarked as independent NS is participating for H&W only UP is non-union

IC & UP dispatchers are non-union, and given same increases as non-union, but handled independently

U.S. 2006 Benchmark

	From AAR 112-Class Wage Statistics & Survey				ST \$ Adjusted to Exclude Lump Sums		2006 Average Hourly Rates		12/31/2006		ST Hrs. 2006 Weights	
	ST Hrs.	ST \$	PFTNW \$	Union L. Sum	Lump Sums	ST wo LS	PFTNW	ST HR	ST HR	ST HR	ST HR	Weights
UTU	93,309,110	\$1,888,807,695	\$761,536,751	\$653,726	\$1,888,153,969	\$20,235	\$8,161	\$20,242	\$20,242	\$20,242	0.27223	0.27223
TCU	15,906,099	355,965,072	80,721,905	3,972,012	351,993,060	22,129	5,075	22,134	22,134	22,134	0.04641	0.04641
BLET	67,492,528	1,554,100,984	587,199,358	84,526,156	1,469,574,828	21,774	8,700	21,778	21,778	21,778	0.19691	0.19691
SMWIA	1,919,076	41,554,443	7,728,540	2,668	41,551,775	21,652	4,027	21,658	21,658	21,658	0.00560	0.00560
BRS	11,482,130	265,659,219	56,791,678	113,459	265,545,760	23,127	4,946	23,130	23,130	23,130	0.03350	0.03350
BMWE	46,373,055	926,828,567	165,912,556	300,788	926,527,779	19,980	3,578	19,991	19,991	19,991	0.13529	0.13529
TCU-CAR	20,206,363	432,568,838	76,282,858	91,643	432,477,195	21,403	3,775	21,412	21,412	21,412	0.05895	0.05895
NCFO	4,413,389	78,459,511	13,606,020	59,772	78,399,739	17,764	3,083	17,776	17,776	17,776	0.01288	0.01288
IAM	12,626,673	273,501,081	51,332,102	40,775	273,460,306	21,657	4,065	21,672	21,672	21,672	0.03684	0.03684
IBBM	2,032,168	40,120,524	5,985,679	119,125	40,001,399	19,684	2,945	19,698	19,698	19,698	0.00593	0.00593
IBEW	9,379,172	208,543,671	38,230,881	74,601	208,469,070	22,227	4,076	22,232	22,232	22,232	0.02736	0.02736
ATDA	4,348,885	143,526,067	28,288,220	5,462,409	138,063,658	31,747	6,505	31,801	31,801	31,801	0.01269	0.01269
UTU-YMD	4,009,853	112,159,739	28,694,761	1,812,056	110,347,683	27,519	7,156	27,524	27,524	27,524	0.01170	0.01170
OTHER	49,258,229	2,025,403,900	69,439,132	0	2,025,403,900	41,118	1,410	41,118	41,118	41,118	0.14371	0.14371
AAR 112 Total	342,756,730	8,347,199,311	1,971,752,441	97,229,190	8,249,970,121	24,069	5,753	24,076	24,076	24,076	1.00000	1.00000
Sum (for proofing)						332,01899	67,50320	332,16670	332,16670	332,16670		

Year-End Figures are calculated, based on 2006 ws-112 and union contracts, in YearEnd2006_final.xls exhibited in document titled "Year-End 2006 ST Hourly Rates for U S". The ST Hours Weights and the Hourly Rates are full float

Signed 1-16-08

AGREEMENT BETWEEN
GRAND TRUNK WESTERN RAILROAD INCORPORATED (GTW)
AND
BROTHERHOOD RAILWAY CARMEN DIVISION
TRANSPORTATION COMMUNICATIONS INTERNATIONAL UNION

IT IS AGREED:

ARTICLE I - RATES OF PAY

- A Effective January 1, 2005, all rates of pay in effect on December 31, 2004 are increased by 3%
- B Effective January 1, 2006, all rates of pay in effect on December 31, 2005 are increased by three per cent (3%).
- C Effective January 1, 2007, all rates of pay in effect on December 31, 2006 are increased by three per cent (3%)
- D Effective July 1, 2008, rates of pay for Carmen covered by this Agreement will be increased to \$24.18.
- E Effective July 1, 2009, all rates of pay in effect on June 30, 2009 are increased by three per cent (3%).
- F Rates of pay resulting from the application of A through E, which end in fractions of a cent shall be rounded to the nearest whole cent. Fractions less than one-half cent shall be dropped and fractions of one-half cent or more shall be increased to the nearest full cent
- G A wage scale table for Carmen covered by this agreement is attached as Appendix A

} retro

ARTICLE II - COST-OF-LIVING ALLOWANCE AND ADJUSTMENTS
THEREAFTER JANUARY 1, 2010

Section I - Cost of Living Allowance and Effective Dates of Adjustments

- (a) A cost-of-living allowance will be payable in the manner set forth in and subject to the provisions of this Article, on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers (Revised Series) (CPI-W)" (1967=100), U S Index, all items - unadjusted, as published by the Bureau of Labor Statistics, U S Department of Labor, and hereinafter referred to as the BLS CPI. The first such cost-of-living allowance shall be payable effective July 1, 2010, based, subject to paragraph (d), on the BLS CPI for September 2009, as compared with the

- 1 The Railroad Employees National Health and Welfare Plan Covering Certain Employees Represented by the Transportation Communications International Union, Brotherhood Railway Carmen Division of Transportation Communications International Union, and Transport Workers Union
- 2 Life Insurance Benefits for U S Employees and Retirees and Accidental Death and Dismemberment Insurance Benefits for U S Employees under The Railroad Employees National Health and Welfare Plan, Effective January 1, 2003
- 3 The Railroad Employees National Early Retirement Major Medical Benefit Plan (formerly GA-46000)
4. Railroad Employees National Dental Plan for U S Employees as amended through January 1, 2003
- 5 Railroad Employees National Vision Plan 1999
6. Supplemental Sickness Benefit Plan covering Railroad Shop Craft Employees, January 1, 2003
- 7 The National Off -Track Vehicle Plan

B Effective January 1, 2008, the amount of employee cost sharing for Health and Welfare Plans shall be one hundred dollars (\$100.00) per month until changed in accordance with Article IX of this agreement.

ARTICLE IV - EMPLOYEE SHARE INVESTMENT PLAN

Effective upon ratification of this Agreement, the Company Employee Share Investment Plan will be made available to all employees subject to this Agreement in accordance with the terms of the Plan. The Company may, at its discretion, alter, amend, revise or discontinue the Plan, in any manner, in whole or in part. This provision will not form part of any Collective Agreement.

ARTICLE V - BEREAVEMENT

Upon ratification, all bereavement rules are abrogated and the following is substituted therefore:

Employees in active service shall be entitled to bereavement leave of three (3) work days, to be taken at the discretion of the employee, upon furnishing proof of death of the employee's immediate family member. Bereavement leave will be taken within six months from the date of death of the employee's immediate family member. For purposes of this rule, immediate family consists of the employee's spouse, child, parent, grandparent, grandchild, brother, sister, half-brother, half-sister, step-parent, step-child and spouse's parent. In such cases, a basic day's pay at the rate of the last service rendered will be allowed for each of the three (3) days. Employees will make provision for taking leave with their supervisor in the usual manner.

- Family relationships created through the legal adoption process shall qualify for bereavement leave. Any other family relationship not specifically mentioned shall be excluded.

- E The provisions of paragraph (D) remain in effect when forces are temporarily reduced when a suspension of operations in whole or in part is due to a labor dispute between the company and any of its employees and during temporary force reductions under emergency conditions, such as flood, snowstorm, hurricane, tornado, earthquake, fire, or a labor dispute other than as identified above, provided that such conditions result in suspension of operations in whole or in part.
- F In the event the number of active employees falls below the level specified in paragraph (D) for a period of sixty (60) consecutive calendar days, the provisions of Article II, Subcontracting, of the September 25, 1964 National Agreement, including all amendments through the November 27, 1991 Imposed National Agreement, the December 9, 1991 GTW-BRC Agreement and the January 10, 1996 GTW-BRC Agreement, shall apply until such time as the number of active employees is again equal to or greater than that specified in paragraph (D)
- G The number of active employees specified in Paragraph (D) is based on the conditions of the business on the GTW as it exists as of November 30, 2007. In the event conditions of the railroad change such that would require a significant change in the number of active employees specified in paragraph (D), said number shall be subject to renegotiation between the company and the organization.
- H. If the parties are unable to agree to the specified number of active employees, either party may submit the dispute to final and binding arbitration. Each party will submit its proposed number to the arbitrator with supporting argument, and the arbitrator will select one of the two proposed numbers. The company may implement its proposed number pending the results of the arbitration.
- I The provisions of this Article will become effective December 1, 2007 and are not intended to reduce any existing employee protective conditions, nor to limit any existing company rights to outside contract work within the scope of the Carmen's agreement

ARTICLE VIII – GRIEVANCE RESOLUTION/BONUS

- A Within sixty (60) days of the date of this agreement, all employees in active service on positions covered by this agreement will be paid seven hundred and fifty dollars (\$750) each, subject to applicable payroll deductions
- B Upon payment of the amount indicated in paragraph (A), all claims and grievances, other than those involving statutory imposed protection and disciplinary action, based on an occurrence prior to the effective date of this Agreement are considered resolved without prejudice to the position of either party and with the understanding that such settlements will not be cited by either party in any future case, nor used by either party to allege that the other has agreed to a particular practice

EXCHANGE-TRADE

10 20 Yr T Bond TLM 104 97 -0.87

Source: WSJ Market Data Group

BORROWING BENCHMARKS

Money Rates

February 25, 2008

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Jan Index level	CHG FPCM (%) Dec '07 Jan '08
U.S. consumer price index		
All items	211.1	0.5 4.3
Core	213.1	0.4 2.5

International rates

	Latest	Week ago	-52 WEEK-- High Low
Prime rates			
U.S. prime	6.00	6.00	8.25 3.60
Canada	5.75	5.75	6.25 5.75
Euro zone	4.00	4.00	4.00 3.50
Japan	1.875	1.875	1.875 1.625
Switzerland	4.37	4.48	4.62 2.74
Britain	5.25	5.25	5.75 5.25
Australia	7.00	7.00	7.00 6.25
Hong Kong	7.00	7.00	n.a. 7.00

Overnight repurchase

	Latest	Week ago	-52 WEEK-- High Low
U.S.	2.65	3.08	5.35 1.75
U.K. (BBA)	5.265	5.293	6.667 5.147
Euro zone	4.02	4.03	4.52 3.52

U.S. government rates

	Latest	Week ago	-52 WEEK-- High Low
Discount			
	3.50	3.50	6.25 3.50

Federal funds

	Latest	Week ago	-52 WEEK-- High Low
Effective rate			
High	3.1250	3.11	5.42 2.78
Low	2.5000	2.8750	5.3750 0.3625
Bid	1.8000	2.8750	8.0000 0.0100
Offer	3.0000	3.0000	10.0000 0.0313

Treasury bill auction

	Latest	Week ago	-52 WEEK-- High Low
4 weeks	2.360	2.500	5.175 1.750
13 weeks	2.160	2.250	5.035 2.160
26 weeks	2.070	2.080	4.950 2.040

Secondary market

Freddie Mac

	Latest	Week ago	-52 WEEK-- High Low
30-year mortgage yields			
30 days	6.15	5.82	6.63 5.13
60 days	6.20	5.88	6.64 5.18
One year RNY	3.375	3.375	4.160 3.375

Fannie Mae

	Latest	Week ago	-52 WEEK-- High Low
30-year mortgage yields			
30 days	6.084	5.828	6.77 5.084
60 days	6.129	5.831	6.761 5.150

Constant maturity debt index

	Latest	Week ago	-52 WEEK-- High Low
Three months	2.769	2.760	5.319 2.727
Six months	2.589	2.541	5.519 2.532
One year	2.502	2.503	5.323 2.333

	Latest	Week ago	-52 WEEK-- High Low
Bankers acceptances			
30 days	3.10	3.10	5.81 3.01
60 days	3.09	3.08	5.31 3.01
90 days	3.04	3.04	5.81 3.03
120 days	3.03	2.98	5.73 2.96
150 days	3.01	2.96	5.63 2.94
180 days	2.99	2.92	5.58 2.90

Other short-term rates

	Latest	Week ago	-52 WEEK-- High Low
Call money	4.75	4.75	7.00 4.75

Commercial paper

	Latest	Week ago	-52 WEEK-- High Low
30 to 31 days	2.96		
32 to 44 days	2.85		
45 to 65 days	2.91		
66 to 92 days	2.90		
93 to 120 days	2.88		
121 to 150 days	2.86		
151 to 182 days	2.85		
183 to 210 days	2.79		
211 to 240 days	2.75		
241 to 270 days	2.73		

Dealer commercial paper

	Latest	Week ago	-52 WEEK-- High Low
30 days	3.06	3.04	5.78 3.04
60 days	3.03	3.03	5.78 3.02
90 days	3.01	3.01	5.75 3.00

Euro commercial paper

	Latest	Week ago	-52 WEEK-- High Low
30 day	3.92	4.02	5.24 3.67
Two month	4.15	4.12	5.26 3.74
Three month	4.24	4.21	5.23 3.80
Four month	4.23	4.20	5.22 3.82
Five month	4.23	4.20	5.21 3.85
Six month	4.24	4.20	5.16 3.88

London interbank offered rate, or Libor

	Latest	Week ago	-52 WEEK-- High Low
One month	3.12375	3.11375	5.82375 3.11063
Three month	3.08938	3.07000	5.72500 3.06500
Six month	3.05625	2.98000	5.59500 2.95438
One year	2.98875	2.77125	5.50656 2.72750

Notes on rates

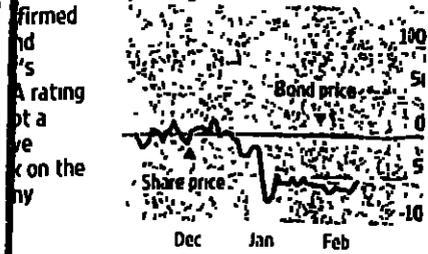
U.S. prime rate and discount rate are effective January 30, 2008. U.S. prime rate is the base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks. Other prime rates aren't directly comparable, lending practices vary widely by location. Discount rate is the charge on loans to depository institutions by the New York Federal Reserve Bank. Federal funds rate is on reserves traded among commercial banks for overnight term amounts of \$1 million or more. Call money rate is the charge on loans to brokers on stock exchange collateral. Dealer commercial paper rates are for high-grade unsecured notes sold through dealers by major corporations. Freddie Mac RNY is the required net yield for the one-year 28 rate capped ARM. Libor is the British Bankers' Association average of interbank offered rates for dollar deposits in the London market. Libor Swaps quoted are mid-market, semi-annual swap rates and pay the floating 3-month Libor rate.

Sources: Merrill Lynch, Bureau of Labor Statistics, Reuters, General Electric, Capital Corp, Secured Inter-Deal, Global Information, L.P.

Reuters Group PLC is the primary data provider for several statistical tables in The Wall Street Journal including foreign stock quotations, futures and foreign exchange tables. Reuters real-time data feeds are used to calculate various Dow Jones indexes.

Investment-Grade

Fnd Grp: 9 375% notes due Aug 01, 2011, yielding 10 119%



SPREAD* in basis points One-day change Last week STOCK PERFORMANCE Close (\$) % chg

10 119%	590	6.96	0.1
10 119%	n.a.	69.86	2.3
10 119%	176		
10 119%	n.a.	15.04	1.1
10 119%	353		
10 119%	308		
10 119%	101		
10 119%	126		

11	417	48.54	1.2
11	149		
9	185	50.38	1.0
8	n.a.	36.98	2.2
7	320	86.72	1.4
7	153		
7	102	71.59	1.3
7	n.a.	29.94	0.8

BOND PRICE as % of face value One-day change Last week STOCK PERFORMANCE Close (\$) % chg

2.00	75.313		
2.00	n.a.		
1.88	53.000		
1.75	n.a.	18.80	
1.75	n.a.	3.77	
1.56	88.750		
1.50	88.875		
1.50	n.a.	31.49	

-1.06	n.a.		
-1.00	n.a.	15.90	
-1.00	n.a.		
-0.69	63.250	2.19	
-0.63	96.000	3.98	
-0.50	63.500		
-0.50	76.750		
-0.50	93.500	11.49	

*Point percentage change in spread basis for Z-spread

Sources: MarketWatch Corporate Bond Index, WSJ Market Data Group

RCAF Lump Sum Amortization
2008/Q2

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hour	U.S. ST Hours	
CSX - BLET (signing bonus)	2007Q3	2007Q3	\$14,435,000	0 04211	0 16846	342,756,730	2008
CNGT - various ¹	Various	2007Q4	\$387,000	0 00113	0 00452	342,756,730	2008
GTW - TCU-CAR	2008Q2	2008Q2	\$90,000	0 00028	0 00105	342,756,730	2008
NS - BLET & ATDA	2008Q2	2008Q2	\$18,270,799	0 05331	0 21322	342,756,730	2008
CSX - BLET	2008Q2	2008Q2	\$20,528,547	0 05989	0 23957	342,756,730	2008
Total			\$53,711,346	0 15670			

Should be slightly less than amortized amount

Fell out

DMIR - IBBM	2007Q1	2007Q2	\$4,000	0 00001	0 00005	342,756,730	2008
IC - TCU-CAR	2007Q1	2007Q2	\$226,500	0 00066	0 00264	342,756,730	2008
NS - BLET & ATDA	2007Q1	2007Q2	\$30,264,380	0 08830	0 35319	342,756,730	2008

Interest Rate

2007/Q1	4 940
2007/Q2	5 035
2007/Q3	4 775
2007/Q4	4 600
08/Q1	3 390
2008/Q2	2 160
2008/Q3	
2008/Q4	
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Lump Sum Adjustment for 2008/Q2 → 0.159162
or
0.159

¹ DWP TCU-CAR, GTW BLET, and GTW TCU

SCHEDULE: CSX BLET

Added 2007Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 16846			
2007/Q3	4	4 775	1 1938	\$0 12709	\$0 04338	\$0 00201	\$0 04137
2007/Q4	3	4 600	1 1500	\$0 08521	\$0 04334	\$0 00146	\$0 04188
2008/Q1	2	3 390	0 8475	\$0 04278	\$0 04315	\$0 00072	\$0 04243
2008/Q2	1	2 160	0 5400	\$0 00000	\$0.04302	\$0 00023	\$0 04278

SCHEDULE: CNGT various (DWP TCU-CAR, GTW BLET, and GTW TCU)

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00452			
2007/Q4	4	4 600	1 1500	\$0 00341	\$0 00116	\$0 00005	\$0 00111
2008/Q1	3	3 390	0 8475	\$0 00228	\$0 00115	\$0 00003	\$0 00113
2008/Q2	2	2 160	0 5400	\$0 00114	\$0.00115	\$0 00001	\$0 00114
2008/Q3	1		0 0000	\$0 00000	\$0 00114	\$0 00000	\$0 00114

SCHEDULE: GTW TCU-CAR

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00105			
2008/Q2	4	2 160	0 5400	\$0 00079	\$0.00027	\$0 00001	\$0 00026
2008/Q3	3		0 0000	\$0 00053	\$0 00026	\$0 00000	\$0 00026
2008/Q4	2		0 0000	\$0 00026	\$0 00026	\$0 00000	\$0 00026
2009/Q1	1		0 0000	\$0 00000	\$0 00026	\$0 00000	\$0 00026

SCHEDULE: NS BLET & ATDA

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 21322			
2008/Q2	4	2 160	0 5400	\$0 16035	\$0.05403	\$0 00115	\$0 05288
2008/Q3	3		0 0000	\$0 10690	\$0 05345	\$0 00000	\$0 05345
2008/Q4	2		0 0000	\$0 05345	\$0 05345	\$0 00000	\$0 05345
2009/Q1	1		0 0000	\$0 00000	\$0 05345	\$0 00000	\$0 05345

SCHEDULE: CSX BLET

Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 23957			
2008/Q2	4	2 160	0 5400	\$0 18016	\$0.06070	\$0 00129	\$0 05941
2008/Q3	3		0 0000	\$0 12011	\$0 06005	\$0 00000	\$0 06005
2008/Q4	2		0 0000	\$0 06005	\$0 06005	\$0 00000	\$0 06005
2009/Q1	1		0 0000	\$0 00000	\$0 06005	\$0 00000	\$0 06005

A-1 Yes

ARTICLE 5 - PERFECT ATTENDANCE STOCK AWARD

A Effective with the date of this Agreement, all eligible CSXT Engineers will be entitled to an award of twenty (20) shares of CSX Corporation Common Stock for every six (6) months of perfect weekend attendance. The sixth month periods begin January 1 and July 1 each year.

B Perfect weekend attendance is defined as one hundred percent (100%) availability on Friday, Saturday and Sunday during a consecutive six (6) month period. Rest days are considered as being available for service. Any other non-compensated mark offs will be considered as unavailable. Recipients of this award will have such shares placed in their 401(k) account. Those awardees who do not have a 401(k) account will receive the cash equivalent of said stock based on the closing price of CSX stock on the last day of the semi-annual period.

ARTICLE 6 - PERFORMANCE BONUS PROGRAM

A The parties agree that Engineers represented by the Brotherhood of Locomotive Engineers and Trainmen (BLET) will be eligible for a bonus payment under the Performance Bonus Program (PBP) established in this Agreement for the periods and on the basis set forth below.

1 Effective January 1, 2007 and payable in 2008, locomotive Engineers will be eligible for a bonus up to a maximum of six percent (6%) of their locomotive Engineer earnings in 2007, calculated in accordance with paragraph B below.

2 Effective January 1, 2008 and payable in 2009, locomotive Engineers will be eligible for a bonus up to a maximum of eight percent (8%) of their locomotive Engineer earnings in 2008, calculated in accordance with paragraph B below.

3 Effective January 1, 2009 and payable in 2010, locomotive Engineers will be eligible for a bonus up to a maximum of ten percent (10%) of their locomotive Engineer earnings in 2009, calculated in accordance with paragraph B below.

4 If the BLET does not exercise its right to cancel participation in the Bonus Program under paragraph F below, all locomotive Engineers will be eligible, effective January 1, 2010 and annually thereafter, for a bonus of twelve percent (12%) in 2010 and increasing to fifteen percent (15%) at the end of the next contract of their locomotive Engineer earnings in that year, payable in the following year, calculated in accordance with paragraph B below, except that locomotive Engineers who achieve a BLET seniority date on or after January 1, 2010 will be eligible in 2010 for this bonus up to a maximum of ten percent (10%) of their locomotive Engineer earnings in 2010, calculated in accordance with paragraph B below, with a one percent (1%) increase in that level each subsequent year until they reach a maximum level negotiated for locomotive Engineers. Locomotive Engineers who achieve a BLET seniority date by

N'S ATDA

Section 3 - Second General Wage Increase

Effective July 1, 2003, each basic monthly rate of pay in effect on June 30, 2003 for employees covered by this Agreement shall be increased in the amount of two and one-half percent (2 ½ %) representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

Section 4 - Third General Wage Increase

Effective July 1, 2004, each basic monthly rate of pay in effect on June 30, 2004 for employees covered by this Agreement shall be increased in the amount of three (3) percent representing a general wage increase. Where basic monthly rates are not in effect, an equivalent adjustment shall be made.

ARTICLE II

Part I - Transfer Time

Effective January 1, 2005, existing agreements are amended to provide that an employee covered by this Agreement shall receive an allowance for all time consumed immediately prior or subsequent to the employee's regular tour of duty that is (i) required by the Carrier, and (ii) directly involves the transition of ongoing work responsibilities between shifts. Such allowance shall not exceed an amount equal to fifteen (15) minutes' time at the straight time rate of pay.

Part II - Thoroughbred Performance Bonus Program Participation

The Parties agree that employees represented by ATDD/BLE will participate in the Norfolk Southern Thoroughbred Performance Bonus Program for the periods and on the basis set forth below:

Section 1

- (a) Effective January 1, 2005 and payable in 2006 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (b) Effective January 1, 2006 and payable in 2007 train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of five percent (5%) of their dispatcher earnings in the preceding calendar year.
- (c) Effective January 1, 2007 and payable in 2008, and each year thereafter, train dispatchers represented by the undersigned General Chairmen will be eligible for a bonus up to a maximum of ten percent (10%) of their dispatcher earnings in the preceding calendar year.

A S B L E T

AGREEMENT

It is HEREBY AGREED this 1st day of November 2003

ARTICLE I - THOROUGHBRED PERFORMANCE BONUS**Section 1**

Effective January 1, 2003, and payable in 2004 and 2005 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

Section 2

Effective January 1, 2005 and payable in 2006, 2007 and 2008 locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum of ten (10%) of their engineer earnings in the preceding calendar year.

Section 3

Effective January 1, 2008 and payable in 2009 and each year thereafter, locomotive engineers represented by the undersigned General Committees will be eligible for a bonus up to a maximum fifteen percent (15%) of their engineer earnings in the preceding calendar year.

Section 4

The terms and conditions for the administration of the Thoroughbred Performance Bonus remain as specified in Article I, Sections 3 and 4 of the June 1996 Agreement between the parties, subject to the maximums stated in Sections 1, 2 and 3 above

Section 5

The Brotherhood of Locomotive Engineers shall have the unilateral right to accept wage increases as provided in Side Letter 1 in lieu of the bonus provided for by Section 3 of this Article I effective on and after January 1, 2010 by providing written notice to the Carrier of its intention to do so between November 1, 2009 and November 30, 2009

RCAF Back Pay Amortization
2008/Q2

	Quarter of Payment	Quarter Amortization Began	Amount	Annual Per ST Hour	1 Quarter Per ST Hr	U.S. ST Hours	
CSX - BLET(retro GWI)	2007Q2	2007Q3	\$477,940	0 00139440	0 00558	342,756,730	2006
National IBBM	2007Q2	2007Q3	\$71,390	0 00020828	0 00083	342,756,730	2006
National 7 Unions ²	2007Q3	2007Q4	\$119,981,393	0 35004825	1 40019	342,756,730	2006
BNSF - BLET	2007Q3	2007Q4	\$15,874,984	0 04631560	0 18526	342,756,730	2006
CSX - BLET (ECS offset)	2007Q2	2007Q4	(\$243,379)	-0 00071006	-0 00284	342,756,730	2006
GTC/CN - various ³	2007Q3	2007Q4	\$8,408,734	0 02453266	0 09813	342,756,730	2006
SOO - BLET	2007Q3	2007Q4	\$1,490,393	0 00434825	0 01739	342,756,730	2006
National 3 Unions ⁴	2007Q4	2008Q1	\$66,876,916	0 19511482	0 78046	342,756,730	2006
IC&CCP - BRS	2008Q1	2008Q1	\$586,106	0 00170998	0 00684	342,756,730	2006
SOO - ATDA, IAM, IBBM, TCU	2007Q4	2008Q1	\$1,236,670	0 00360801	0 01443	342,756,730	2006
UP - ATDA	2008Q2	2008Q2	\$312,309	0 00091117	0 00364	342,756,730	2006
UP - UTU-YMD	2008Q2	2008Q2	(\$21,285)	-0 00006210	-0 00025	342,756,730	2006
GTW - TCU-CAR	2008Q2	2008Q2	\$1,079,857	0 00315051	0 01260	342,756,730	2006
Total			\$216,132,029	0 63056976			

Should be slightly less than amortized amount

Fell out

GTC/CN - various ¹	2007Q1	2007Q2	\$3,003,130	0 00876170	0 03505	342,756,730	2006
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Interest Rate

2007/Q1	4 940
2007/Q2	5 035
2007/Q3	4 775
2007/Q4	4 600
2008/Q1	3 390
2008/Q2	2 160
2008/Q3	
2008/Q4	
2009/Q1	
2009/Q2	
2009/Q3	
2009/Q4	

Back Pay Adjustment for 2008/Q2

0 64137
or
0 641

¹ BLE BLET, DMIR IBBM, GTW BLET, UTU, UTU-YMD, and IC TCU-CAR

² National BLET, BMW, BRS, IBBM, NCFO, SMW, and ATDA

³ DWP TCU-CAR, GTW TCU, IC&CCP BMW and UTU, and WC&SSAM UTU

⁴ National IBEW, TCU and TCU-CAR

SCHEDULE. CSX BLET (retro GWI)

Added 2007Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00558			
2007/Q3	4	4 775	1 1938	\$0 00421	\$0 00144	\$0 00007	\$0 00137
2007/Q4	3	4 600	1 1500	\$0 00282	\$0 00144	\$0 00005	\$0 00139
2008/Q1	2	3 390	0 8475	\$0 00142	\$0 00143	\$0 00002	\$0 00140
2008/Q2	1	2 160	0 5400	\$0 00000	\$0 00142	\$0 00001	\$0 00142

SCHEDULE National IBBM

Added 2007Q3

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00083			
2007/Q3	4	4 775	1 1938	\$0 00063	\$0 00021	\$0 00001	\$0 00020
2007/Q4	3	4 600	1 1500	\$0 00042	\$0 00021	\$0 00001	\$0 00021
2008/Q1	2	3 390	0 8475	\$0 00021	\$0 00021	\$0 00000	\$0 00021
2008/Q2	1	2 160	0 5400	\$0 00000	\$0.00021	\$0 00000	\$0 00021

SCHEDULE: National BLET, BMW, BRS, IBBM, NCFO and SMW

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$1 40019			
2007/Q4	4	4 600	1 1500	\$1 05613	\$0 36017	\$0 01610	\$0 34407
2008/Q1	3	3 390	0 8475	\$0 70705	\$0 35803	\$0 00895	\$0 34908
2008/Q2	2	2 160	0 5400	\$0 35448	\$0 35639	\$0 00382	\$0 35257
2008/Q3	1		0 0000	\$0 00000	\$0 35448	\$0 00000	\$0 35448

SCHEDULE: BNSF BLET
 Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 18526			
2007/Q4	4	4 600	1 1500	\$0 19974	\$0 04765	\$0 00213	\$0 04552
2008/Q1	3	3 390	0 8475	\$0 09355	\$0 04737	\$0 00118	\$0 04619
2008/Q2	2	2 160	0 5400	\$0 04690	\$0 04715	\$0 00051	\$0 04665
2008/Q3	1		0 0000	\$0 00000	\$0 04690	\$0 00000	\$0 04690

SCHEDULE: CSX BLET (ECS offset)
 Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0 00284)			
2007/Q4	4	4 600	1 1500	(\$0 00214)	(\$0 00073)	(\$0 00003)	(\$0 00070)
2008/Q1	3	3 390	0 8475	(\$0 00143)	(\$0 00073)	(\$0 00002)	(\$0 00071)
2008/Q2	2	2 160	0 5400	(\$0 00072)	(\$0 00072)	(\$0 00001)	(\$0 00072)
2008/Q3	1		0 0000	\$0 00000	(\$0 00072)	\$0 00000	(\$0 00072)

SCHEDULE: DWP TCU-CAR; GTW TCU, IC&CCP BMW and UTU; and WC&SSAM UTU
 Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 09813			
2007/Q4	4	4 600	1 1500	\$0 07402	\$0 02524	\$0 00113	\$0 02411
2008/Q1	3	3 390	0 8475	\$0 04955	\$0 02509	\$0 00063	\$0 02446
2008/Q2	2	2 160	0 5400	\$0 02484	\$0 02498	\$0 00027	\$0 02471
2008/Q3	1		0 0000	\$0 00000	\$0 02484	\$0 00000	\$0 02484

SCHEDULE SOO BLET

Added 2007Q4

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 01739			
2007/Q4	4	4 600	1 1500	\$0 01312	\$0 00447	\$0 00020	\$0 00427
2008/Q1	3	3 390	0 8475	\$0 00878	\$0 00445	\$0 00011	\$0 00434
2008/Q2	2	2 160	0 5400	\$0 00440	\$0 00443	\$0 00005	\$0 00438
2008/Q3	1		0 0000	\$0 00000	\$0 00440	\$0 00000	\$0 00440

SCHEDULE: National IBEW, TCU and TCU-CAR

Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 78046			
2008/Q1	4	3 390	0 8475	\$0 58781	\$0 19927	\$0 00661	\$0 19265
2008/Q2	3	2 160	0 5400	\$0 39293	\$0.19806	\$0 00317	\$0 19488
2008/Q3	2		0 0000	\$0 19646	\$0 19646	\$0 00000	\$0 19646
2008/Q4	1		0 0000	\$0 00000	\$0 19646	\$0 00000	\$0 19646

SCHEDULE: IC and CCP BRS

Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00684			
2008/Q1	4	3 390	0 8475	\$0 00515	\$0 00175	\$0 00006	\$0 00169
2008/Q2	3	2 160	0 5400	\$0 00344	\$0 00174	\$0 00003	\$0 00171
2008/Q3	2		0 0000	\$0 00172	\$0 00172	\$0 00000	\$0 00172
2008/Q4	1		0 0000	\$0 00000	\$0 00172	\$0 00000	\$0 00172

SCHEDULE SOO ATDA, IBBM and TCU
 Added 2008Q1

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 01443			
2008/Q1	4	3 390	0 8475	\$0 01087	\$0 00368	\$0 00012	\$0 00356
2008/Q2	3	2 160	0 5400	\$0 00727	\$0 00368	\$0 00006	\$0 00360
2008/Q3	2		0 0000	\$0 00363	\$0 00363	\$0 00000	\$0 00363
2008/Q4	1		0 0000	\$0 00000	\$0 00363	\$0 00000	\$0 00363

SCHEDULE: UP ATDA
 Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				\$0 00364			
2008/Q2	4	2 160	0 5400	\$0 00274	\$0.00092	\$0 00002	\$0 00090
2008/Q3	3		0 0000	\$0 00183	\$0 00091	\$0 00000	\$0 00091
2008/Q4	2		0 0000	\$0 00091	\$0 00091	\$0 00000	\$0 00091
2009/Q1	1		0 0000	\$0 00000	\$0 00091	\$0 00000	\$0 00091

SCHEDULE: UP UTU-YMD
 Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Principal Payment
Lump Sum				(\$0 00025)			
2008/Q2	4	2 160	0 5400	(\$0 00019)	(\$0 00006)	(\$0 00000)	(\$0 00006)
2008/Q3	3		0 0000	(\$0 00012)	(\$0 00006)	\$0 00000	(\$0 00006)
2008/Q4	2		0 0000	(\$0 00006)	(\$0 00006)	\$0 00000	(\$0 00006)
2009/Q1	1		0 0000	\$0 00000	(\$0 00006)	\$0 00000	(\$0 00006)

SCHEDULE GTW TCU-CAR
 Added 2008Q2

	Periods Remain- ing	3 Mo Treas Bill Rate	Qtly Int Rate	Principal Balance After Payment	Qtly Payment	Interest Payment	Prncipal Payment
Lump Sum				\$0 01260			
2008/Q2	4	2 160	0 5400	\$0 00948	\$0 00319	\$0 00007	\$0 00313
2008/Q3	3		0 0000	\$0 00632	\$0 00316	\$0 00000	\$0 00316
2008/Q4	2		0 0000	\$0 00316	\$0 00316	\$0 00000	\$0 00316
2009/Q1	1		0 0000	\$0 00000	\$0 00316	\$0 00000	\$0 00316

Health and Welfare

	Employees Receiving		Total 2006 Avg	Total 2008	
	Pay 2006	Monthly Contribution 2006 Avg			
		2008			
1 All Employees					
a Group health	175,772	\$1,001 02	\$1,076 61	\$175,951,287 44	\$189,237,892 92
b Group dental	175,772	47 20	45 72	8,296,438 40	8,036,295 84
c Early retirement major medical	175,772	87 86	110 98	15,443,327 92	19,507,176 56
d Group vision	175,772	10 66	10 16	1,873,729 52	1,785,843 52
2 Supplemental Sickness					
a Signalmen	6,185	32 00	8 55	197,920 00	52,881 75
b Shopcrafts	25,599	61 00	30 04	1,561,539 00	768,993 96
c MOW	26,027	36 00	14 89	936,972 00	387,542 03
d Yardmasters	2,357	47 06	33 21	110,920 42	78,275 97
3 Short-Term Disability					
a Engineers (CSX, KCS, UP)	16,107	40 00	40 00	644,280 00	644,280 00
b Engineers (SOO, \$40 began 2Q 2006)	518	30 00	40 00	15,540 00	20,720 00
4 Monthly Total Premiums				205,031,954 70	220,519,902 55
5 Monthly Employee Contributions To H&W					
a National BLET (BNSF, CSX, KCS, NS, UP)	28,966	(\$127 64)	(\$166 25)	(\$3,697,220 24)	(\$4,815,597 50)
b National BMW (BNSF, CSX, KCS, NS, UP)	24,090	\$0 00	(\$166 25)	\$0 00	(4,004,962 50)
c National BRS (BNSF, CSX, KCS, NS, UP)	5,859	(\$100 00)	(\$166 25)	(\$585,900 00)	(974,058 75)
d National IAM (BNSF, CSX, KCS, NS, UP)	6,763	(\$106 62)	(\$149 04)	(\$721,071 06)	(1,007,957 52)
e National IBBM (BNSF, CSX, KCS, NS, UP)	1,051	(\$123 28)	(\$166 25)	(\$129,567 28)	(174,728 75)
f National IBEW (BNSF, CSX, KCS, NS, UP)	4,929	(\$131 96)	(\$166 25)	(\$650,430 84)	(819,446 25)
g National NCF (BNSF, CSX, KCS, NS, UP)	2,404	(\$131 96)	(\$166 25)	(\$317,231 84)	(399,665 00)
h National SMW (BNSF, CSX, KCS, NS, UP)	1,059	(\$131 98)	(\$166 25)	(\$139,745 64)	(176,058 75)
i National TCU (BNSF, CSX, KCS, NS, UP)	8,383	(\$123 28)	(\$166 25)	(\$1,033,456 24)	(1,393,673 75)
j National TCU-CAR (BNSF, CSX, KCS, NS, UP)	10,407	(\$123 28)	(\$166 25)	(\$1,282,974 96)	(1,730,163 75)
k National UTU (BNSF, CSX, KCS, NS, UP)	44,297	(\$131 96)	(\$170 44)	(\$5,845,432 12)	(7,549,980 68)
l National UTU-Yardmasters (BNSF, CSX, KCS, NS)	1,701	(\$131 96)	(\$170 44)	(\$224,463 96)	(289,918 44)
m National ATDA (wt avg BNSF, KCS, NS, & CSX*)	1,791	(\$128 85)	(\$164 92)	(\$230,770 35)	(295,371 72)
n Independent CNGT (wt avg all 104 union categories)	5,892	(\$54 08)	(\$79 81)	(\$318,639 36)	(470,240 52)
o Independent SOO (weighted average all 13 unions)	2,567	(\$91 65)	(\$128 72)	(\$235,265 55)	(330,424 24)
p Independent UP (Yardmasters only)	491	(\$123 28)	(\$161 76)	(\$60,530 48)	(79,424 16)
Total Major Union	150,650			(\$15,472,699 92)	(\$24,511,672 28)
All Other Employee Contributions**				(\$2,839,968 66)	(\$2,839,968 66)
6 Net Employer Monthly Payments				\$186,719,286 12	\$193,168,261 61
7 Ratio Projected Year to Base Year, Based on Net Monthly Payments					1 03454
8 H&W hourly rate for base year				\$5 322	
9 H&W hourly rate for projected quarter					\$5.506

* 70% of CSX Dispatchers participate in national agreement, remaining have independent agreement

** Mostly non-union employee contributions. The \$15,472,699 92 in major union contributions, plus \$2,839,968 66 in all other employee contributions, totals to the 12-month average of the total employee contributions reported to the AAR in its WF survey

Health and Welfare**Employer H&W Contribution**

		2006 Pd	East	West	
Supplemental Sickness Plan:		Employees			
a	Signalmen	BRS	6,185	2,744	3,441
b	Shopcrafts	Total	25,599	10,588	15,011
		IBEW	5,177	1,902	3,275
		IBBM	1,117	293	824
		TCU-Car	11,149	5,168	5,981
		IAM	7,073	2,642	4,431
		SMW	1,083	583	500
c	MOW	BMWED	26,027	9,790	16,237
d.	Yardmasters	UTU-YMD	2,357	1,380	977
Short-Term Disability Contribution:					
a	Engineers	Total BLET	16,107	5,999	10,108
		CSX	5,999		
		KCS	542		
		UP	9,566		
b	Engineers	SOO	518		

Sources/Notes:

Employee counts are from the 112-Class Wage Statistics. Monthly H&W premiums are from the NRLC, contracts, or the railroads. Projected quarter H&W Cost Sharing amounts are from the NRLC, union contracts, or pertinent railroads. Base year average monthly Cost Sharing amounts are from an AAR survey, NRLC, contracts, pertinent railroads. H&W hourly rate for base year benchmark is based on annual report and wage data. H&W rate for projected year is the benchmark figure updated by the ratio of projected year net payments to the base year. All Other employee contributions is the difference between total employee contributions for the base year and all known union amounts -- resulting in a non-union amount plus any adjustments caused by either opt-outs from union agreements or independent cost sharing agreements (if any) unknown to the AAR.

Health and Welfare

Employee H&W Cost Sharing

Group	Railroads	Contract Source
a BLET	BNSF, CSX, KCS, UP NS	Article IV Part B Section 1 (a) & (e) Article IX Sections 2 & 3, same as national
b BMWWE	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
c BRS	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
d IAM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (f)
e IBBM	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
f IBEW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
g NCFO	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
h SMW	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
i TCU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
j TCU-Carmen	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (a) & (e)
k UTU	BNSF, CSX, KCS, NS, UP	Article IV Part B Section 1 (g)
l UTU-YMD	BNSF, KCS, NS CSX	Article IV Part B Section 1 (g) Article IV and Side Letter #1
m Dispatchers	BNSF, CSX, KCS, NS	Article IV Part B Section 1 (a) & (e)
n Independent CN	all union categories incl \$0 agrmnts	
o Independent SOO	all unions	Provided by Canadian Pacific Railway
p Independent UP yardmasters		Article III Part B Section 1 (i)

Railroad Retirement and Medicare

Employees Receiving Pay 175,772 (2006 Benchmark, 2005 RRB Distribution)
 Tier I Maximum 102,000 (Year = 2008)
 Tier II Maximum 75,900 (Year = 2008)
 Medicare Maximum no limit (Year = 2008)
 Tier I Tax Rate 6 20% (Year = 2008)
 Tier II Tax Rate 12 10% (Year = 2008)
 Medicare Tax Rate 1 45% (Year = 2008)

USA RCAF	Rate	Factor	RR Ret Tax	Hourly Rate
2005	\$28 884			
2006	\$29 465	1 02011	\$539,939,652	\$6,293
1Q/2008	\$31 071	1 07572	\$560,251,674	\$6,530
2Q/2008	\$31 090	1 07637	\$560,499,213	\$6,533
3Q/2008		0 00000	\$0	\$0,000
4Q/2008		0 00000	\$0	\$0,000

RR Ret Tax from RR_Retirement_Retirement.xls, Hourly rate from SUPPL2006.xls
Rate = Taxable Rate

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Avg Ctlly Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tot Tax Emgs	Tier I Tot Tax Emgs	Tier II Tot Tax Emg	Medicare Tot Tax Emg
\$0 - 21699	0.423	744	\$9,150	\$9,843	\$2,461	\$2,461	\$2,461	\$2,461	\$1,829,570	\$1,829,570	\$1,829,570	\$1,829,570
21700 - 23699	0.188	330	\$22,323	24,013	6,003	6,003	6,003	6,003	1,983,801	1,983,801	1,983,801	1,983,801
23700 - 25699	0.094	165	\$24,829	26,709	6,677	6,677	6,677	6,677	1,103,252	1,103,252	1,103,252	1,103,252
25700 - 27699	0.329	578	\$26,682	28,702	7,176	7,176	7,176	7,176	4,149,558	4,149,558	4,149,558	4,149,558
27700 - 29699	0.235	413	\$28,513	30,672	7,668	7,668	7,668	7,668	3,167,367	3,167,367	3,167,367	3,167,367
29700 - 31699	0.611	1,074	\$30,717	33,043	8,261	8,261	8,261	8,261	8,871,715	8,871,715	8,871,715	8,871,715
31700 - 33699	0.611	1,074	\$32,717	35,194	8,799	8,799	8,799	8,799	9,449,358	9,449,358	9,449,358	9,449,358
33700 - 35699	0.517	909	\$34,794	37,428	9,357	9,357	9,357	9,357	8,503,202	8,503,202	8,503,202	8,503,202
35700 - 37699	1.175	2,065	\$36,904	39,688	9,925	9,925	9,925	9,925	20,497,406	20,497,406	20,497,406	20,497,406
37700 - 39699	1.598	2,809	\$38,752	41,686	10,422	10,422	10,422	10,422	29,272,411	29,272,411	29,272,411	29,272,411
39700 - 41699	2.303	4,048	\$40,688	43,780	10,945	10,945	10,945	10,945	44,305,190	44,305,190	44,305,190	44,305,190
41700 - 43699	4.417	7,764	\$42,853	46,098	11,524	11,524	11,524	11,524	89,473,871	89,473,871	89,473,871	89,473,871
43700 - 45699	5.310	9,333	\$44,623	48,002	12,000	12,000	12,000	12,000	112,005,896	112,005,896	112,005,896	112,005,896
45700 - 47699	4.981	8,755	\$46,625	50,155	12,539	12,539	12,539	12,539	109,779,939	109,779,939	109,779,939	109,779,939
47700 - 49699	6.156	10,821	\$48,637	52,320	13,080	13,080	13,080	13,080	141,531,460	141,531,460	141,531,460	141,531,460
49700 - 51699	4.981	8,755	\$50,733	54,574	13,644	13,644	13,644	13,644	119,452,346	119,452,346	119,452,346	119,452,346
51700 - 53699	3.994	7,020	\$52,561	56,541	14,135	14,135	14,135	14,135	99,233,721	99,233,721	99,233,721	99,233,721
53700 - 55699	4.323	7,599	\$54,669	58,808	14,702	14,702	14,702	14,702	111,715,636	111,715,636	111,715,636	111,715,636
55700 - 57699	4.370	7,681	\$56,770	61,088	15,267	15,267	15,267	15,267	117,270,271	117,270,271	117,270,271	117,270,271
57700 - 59699	3.900	6,855	\$58,651	63,982	15,773	15,773	15,773	15,773	108,125,375	108,125,375	108,125,375	108,125,375
59700 - 61699	3.571	6,277	\$60,754	66,354	16,339	16,339	16,339	16,339	107,953,021	107,953,021	107,953,021	107,953,021
61700 - 63699	3.242	5,699	\$62,878	67,424	16,856	16,856	16,856	16,856	105,801,683	105,801,683	105,801,683	105,801,683
63700 - 65699	3.947	6,938	\$64,735	69,637	17,408	17,408	17,408	17,408	99,206,416	99,206,416	99,206,416	99,206,416
65700 - 67699	3.242	5,699	\$66,647	71,693	17,923	17,923	17,923	17,923	124,347,005	124,347,005	124,347,005	124,347,005
67700 - 69699	2.444	4,296	\$68,583	73,787	18,447	18,447	18,447	18,447	105,118,803	105,118,803	105,118,803	105,118,803
69700 - 71699	2.867	5,039	\$70,607	75,953	18,988	18,988	18,988	18,988	81,571,145	81,571,145	81,571,145	81,571,145
71700 - 73699	1.786	3,139	\$72,584	78,080	19,520	19,520	19,520	19,520	98,368,532	98,368,532	98,368,532	98,368,532
73700 - 75699	1.692	2,974	\$74,708	80,365	20,091	20,091	20,091	20,091	83,071,936	83,071,936	83,071,936	83,071,936
75700 - 77699	1.645	2,891	\$76,656	82,460	20,615	20,615	20,615	20,615	58,567,988	58,567,988	58,567,988	58,567,988
77700 - 79699	2.021	3,552	\$78,699	84,658	21,164	21,164	21,164	21,164	54,865,252	54,865,252	54,865,252	54,865,252
79700 - 81699	2.350	4,131	\$80,724	86,838	21,709	21,709	21,709	21,709	67,405,981	67,405,981	67,405,981	67,405,981
81700 - 83699	1.269	2,231	\$82,637	88,894	22,223	22,223	22,223	22,223	78,378,932	78,378,932	78,378,932	78,378,932
83700 - 85699	1.786	3,139	\$84,715	91,129	22,782	22,782	22,782	22,782	42,324,623	42,324,623	42,324,623	42,324,623
85700 - 87699	1.081	1,900	\$86,627	93,186	23,297	23,297	23,297	23,297	59,567,988	59,567,988	59,567,988	59,567,988
87700 - 89699	1.457	2,561	\$88,504	95,205	23,801	23,801	23,801	23,801	36,054,309	36,054,309	36,054,309	36,054,309
89700 - 91699	1.457	2,561	\$90,575	97,433	24,358	24,358	24,358	24,358	48,594,938	48,594,938	48,594,938	48,594,938
91700 - 93699	0.893	1,570	\$92,723	99,744	24,936	24,936	24,936	24,936	63,860,840	63,860,840	63,860,840	63,860,840
93700 - 95699	0.893	1,570	\$94,871	102,054	25,514	25,514	25,514	25,514	29,783,994	29,783,994	29,783,994	29,783,994
95700 - over	0.975	15,776	\$132,020	142,018	25,500	25,500	25,500	25,500	402,276,194	402,276,194	402,276,194	402,276,194
TOTAL	100.000000	175,772	\$65,880	142,018	35,504	35,504	35,504	35,504	2,956,302,426	2,956,302,426	2,956,302,426	2,956,302,426

Total Taxable 2,956,302,426
 Tax Rate 0.121
 Chy Pmt \$183,290,750
 Tier I & II & Medicare \$560,251,674

\$331,805,855
 \$45,155,069
 \$560,251,674

2Q/2008

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2008 (2005 FFB Stats)	Avg Annual Earnings (2005 FFB Stats)	Estimated			Tier I Taxable	Tier II Taxable	Medicare Taxable	Tot Tax Earnings	Tier I Tot Tax Earnings	Tier II Tot Tax Earnings	Medicare Tot Tax Earnings
				Avg Annual Earnings	Avg City Earnings	Avg City Taxable							
\$0 - 21699	0.423	744	\$9,150	\$9,849	\$2,462	\$2,462	\$2,462	\$2,462	\$1,830,689	\$1,830,689	\$1,830,689	\$1,830,689	
21700 - 23699	0.188	330	\$22,323	24,028	6,007	6,007	6,007	6,007	1,985,014	1,985,014	1,985,014	1,985,014	
23700 - 25699	0.084	165	\$24,829	28,725	6,881	6,881	6,881	6,881	1,103,927	1,103,927	1,103,927	1,103,927	
25700 - 27699	0.328	578	\$26,862	28,720	7,180	7,180	7,180	7,180	4,152,096	4,152,096	4,152,096	4,152,096	
27700 - 29699	0.235	413	\$28,513	30,891	7,673	7,673	7,673	7,673	3,169,304	3,169,304	3,169,304	3,169,304	
29700 - 31699	0.611	1,074	\$30,717	33,063	8,266	8,266	8,266	8,266	8,877,141	8,877,141	8,877,141	8,877,141	
31700 - 33699	0.611	1,074	\$32,717	35,216	8,804	8,804	8,804	8,804	9,455,136	9,455,136	9,455,136	9,455,136	
33700 - 35699	0.517	909	\$34,794	37,451	9,363	9,363	9,363	9,363	8,508,402	8,508,402	8,508,402	8,508,402	
35700 - 37699	1.175	2,065	\$36,904	39,723	9,931	9,931	9,931	9,931	20,509,940	20,509,940	20,509,940	20,509,940	
37700 - 39699	1.598	2,809	\$38,752	41,712	10,428	10,428	10,428	10,428	29,290,311	29,290,311	29,290,311	29,290,311	
39700 - 41699	2.303	4,048	\$40,898	43,806	10,952	10,952	10,952	10,952	44,332,283	44,332,283	44,332,283	44,332,283	
41700 - 43699	4.417	7,784	\$42,853	46,126	11,531	11,531	11,531	11,531	88,528,585	88,528,585	88,528,585	88,528,585	
43700 - 45699	5.310	9,333	\$44,823	48,031	12,008	12,008	12,008	12,008	112,074,388	112,074,388	112,074,388	112,074,388	
45700 - 47699	4.981	8,755	\$46,825	50,188	12,546	12,546	12,546	12,546	109,847,069	109,847,069	109,847,069	109,847,069	
47700 - 49699	6.156	10,821	\$48,637	52,352	13,088	13,088	13,088	13,088	141,618,007	141,618,007	141,618,007	141,618,007	
49700 - 51699	4.981	8,755	\$50,733	54,608	13,652	13,652	13,652	13,652	119,525,391	119,525,391	119,525,391	119,525,391	
51700 - 53699	3.994	7,020	\$52,561	56,575	14,144	14,144	14,144	14,144	99,294,403	99,294,403	99,294,403	99,294,403	
53700 - 55699	4.323	7,599	\$54,869	58,844	14,711	14,711	14,711	14,711	111,783,951	111,783,951	111,783,951	111,783,951	
55700 - 57699	4.370	7,681	\$56,770	61,108	15,276	15,276	15,276	15,276	117,341,982	117,341,982	117,341,982	117,341,982	
57700 - 59699	3.900	6,855	\$58,651	63,130	15,783	15,783	15,783	15,783	108,191,494	108,191,494	108,191,494	108,191,494	
59700 - 61699	3.759	6,607	\$60,754	65,394	16,349	16,349	16,349	16,349	108,019,035	108,019,035	108,019,035	108,019,035	
61700 - 63699	3.571	6,277	\$62,678	67,465	16,866	16,866	16,866	16,866	105,866,381	105,866,381	105,866,381	105,866,381	
63700 - 65699	3.242	5,699	\$64,735	69,679	17,420	17,420	17,420	17,420	99,267,081	99,267,081	99,267,081	99,267,081	
65700 - 67699	3.947	6,938	\$66,647	71,737	17,934	17,934	17,934	17,934	124,423,043	124,423,043	124,423,043	124,423,043	
67700 - 69699	3.242	5,699	\$68,593	73,832	18,458	18,458	18,458	18,458	105,183,083	105,183,083	105,183,083	105,183,083	
69700 - 71699	2.444	4,286	\$70,807	76,000	19,000	19,000	19,000	19,000	81,621,026	81,621,026	81,621,026	81,621,026	
71700 - 73699	2.867	5,039	\$72,584	78,128	19,532	19,532	19,532	19,532	98,428,684	98,428,684	98,428,684	98,428,684	
73700 - 75699	1.786	3,139	\$74,708	80,414	20,103	20,103	20,103	20,103	63,110,505	63,110,505	63,110,505	63,110,505	
75700 - 77699	1.892	2,974	\$76,856	82,511	20,628	20,628	20,628	20,628	61,347,886	61,347,886	61,347,886	61,347,886	
77700 - 79699	1.645	2,891	\$78,999	84,710	21,177	21,177	21,177	21,177	61,233,376	61,233,376	61,233,376	61,233,376	
79700 - 81699	2.021	3,552	\$80,724	86,869	21,722	21,722	21,722	21,722	77,165,305	77,165,305	77,165,305	77,165,305	
81700 - 83699	2.350	4,131	\$82,637	88,948	22,237	22,237	22,237	22,237	78,378,932	78,378,932	78,378,932	78,378,932	
83700 - 85699	1.269	2,231	\$84,715	91,195	22,796	22,796	22,796	22,796	50,848,135	50,848,135	50,848,135	50,848,135	
85700 - 87699	1.786	3,139	\$86,827	93,243	23,311	23,311	23,311	23,311	73,179,227	73,179,227	73,179,227	73,179,227	
87700 - 89699	1.081	1,900	\$88,504	95,263	23,816	23,816	23,816	23,816	36,054,309	36,054,309	36,054,309	36,054,309	
89700 - 91699	1.457	2,561	\$90,575	97,493	24,373	24,373	24,373	24,373	48,594,938	48,594,938	48,594,938	48,594,938	
91700 - 93699	1.457	2,561	\$92,723	98,805	24,951	24,951	24,951	24,951	63,899,891	63,899,891	63,899,891	63,899,891	
93700 - 95699	0.893	1,570	\$94,871	102,117	25,529	25,529	25,529	25,529	40,025,921	40,025,921	40,025,921	40,025,921	
95700 - over	8.975	15,776	\$132,020	142,103	35,526	35,526	35,526	35,526	402,276,194	402,276,194	299,340,815	560,437,613	
TOTAL	100.000	175,772							2,657,839,744	2,657,839,744	2,743,227,010	3,116,046,966	

Tax Rate 0.062
 Total Taxable 2,657,839,744
 Total Tax Earnings 2,743,227,010

City Pmt \$183,386,064
 Total Taxable 2,657,839,744
 Total Tax Earnings 2,743,227,010

Tier I & II & Medicare \$45,182,681
 Total Taxable 2,657,839,744
 Total Tax Earnings 2,743,227,010

Tier I & II & Medicare \$560,499,213
 Total Taxable 2,657,839,744
 Total Tax Earnings 2,743,227,010

3Q/2008

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006 (2005 RRB Stats)	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Avg City Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emgs	Tier II Tot Tax Emgs	Medicare Tax Emg
\$0 - 21699	0.423	744	\$9,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
21700 - 23699	0.188	330	\$22,323	0	0	0	0	0	0	0	0
23700 - 25699	0.094	165	\$24,829	0	0	0	0	0	0	0	0
25700 - 27699	0.329	578	\$26,682	0	0	0	0	0	0	0	0
27700 - 29699	0.235	413	\$28,513	0	0	0	0	0	0	0	0
29700 - 31699	0.611	1,074	\$30,717	0	0	0	0	0	0	0	0
31700 - 33699	0.611	1,074	\$32,717	0	0	0	0	0	0	0	0
33700 - 35699	0.517	909	\$34,794	0	0	0	0	0	0	0	0
35700 - 37699	1.175	2,065	\$36,904	0	0	0	0	0	0	0	0
37700 - 39699	1.598	2,809	\$38,752	0	0	0	0	0	0	0	0
39700 - 41699	2.303	4,048	\$40,698	0	0	0	0	0	0	0	0
41700 - 43699	4.417	7,764	\$42,653	0	0	0	0	0	0	0	0
43700 - 45699	5.310	9,333	\$44,623	0	0	0	0	0	0	0	0
45700 - 47699	4.981	8,755	\$46,625	0	0	0	0	0	0	0	0
47700 - 49699	6.156	10,821	\$48,637	0	0	0	0	0	0	0	0
49700 - 51699	4.981	8,755	\$50,733	0	0	0	0	0	0	0	0
51700 - 53699	3.994	7,020	\$52,561	0	0	0	0	0	0	0	0
53700 - 55699	4.323	7,599	\$54,669	0	0	0	0	0	0	0	0
55700 - 57699	4.370	7,691	\$56,770	0	0	0	0	0	0	0	0
57700 - 59699	3.800	6,655	\$58,651	0	0	0	0	0	0	0	0
59700 - 61699	3.759	6,607	\$60,754	0	0	0	0	0	0	0	0
61700 - 63699	3.571	6,277	\$62,678	0	0	0	0	0	0	0	0
63700 - 65699	3.242	5,699	\$64,735	0	0	0	0	0	0	0	0
65700 - 67699	3.947	6,938	\$66,647	0	0	0	0	0	0	0	0
67700 - 69699	3.242	5,699	\$68,593	0	0	0	0	0	0	0	0
69700 - 71699	2.444	4,296	\$70,607	0	0	0	38	0	0	163,993	0
71700 - 73699	2.867	5,039	\$72,584	0	0	0	1,102	0	0	5,552,622	0
73700 - 75699	1.786	3,139	\$74,708	0	0	0	2,245	0	0	7,046,464	0
75700 - 77699	1.692	2,974	\$76,656	0	0	0	3,293	0	0	9,792,618	0
77700 - 79699	1.645	2,891	\$78,699	0	0	0	4,362	0	0	12,698,826	0
79700 - 81699	2.021	3,552	\$80,724	0	0	0	5,481	0	0	19,471,689	0
81700 - 83699	2.350	4,131	\$82,637	0	0	0	6,511	0	0	26,892,910	0
83700 - 85699	1.269	2,231	\$84,715	0	0	0	7,629	0	0	17,015,948	0
85700 - 87699	1.786	3,139	\$86,627	0	0	0	8,657	0	0	27,177,756	0
87700 - 89699	1.081	1,900	\$88,504	0	0	0	9,667	0	0	18,368,541	0
89700 - 91699	1.457	2,561	\$90,575	0	0	0	10,781	0	0	27,611,179	0
91700 - 93699	1.457	2,561	\$92,723	0	0	0	11,937	0	0	30,570,855	0
93700 - 95699	0.933	1,570	\$94,871	0	0	43	13,093	0	67,117	20,550,970	0
95700 - over	8.975	15,776	\$132,020	0	20,030	18,975	315,980,339	0	315,980,339	298,340,815	0
TOTAL	100.000	175,772					Total Taxable Tax Rate	316,047,455	522,255,165	0	0.0145
							Only Pmt	\$19,594,942	\$63,192,877	\$0	
							Tier I & II & Medicare			\$82,767,820	

Annual Earnings Groups	Percent of Total Employees	Employees Receiving Pay 2006	Avg Annual Earnings (2005 RRB Stats)	Estimated Avg Annual Earnings	Avg City Earnings	Tier I Taxable	Tier II Taxable	Medicare Taxable	Tier I Tot Tax Emrgs	Tier II Tot Tax Emrg	Medicare Tot Tax Emrg
\$0 - 4999	0.423	744	\$9,150	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5000 - 9999	0.188	330	\$22,323	0	0	0	0	0	0	0	0
10000 - 12499	0.084	185	\$24,829	0	0	0	0	0	0	0	0
12500 - 14999	0.329	578	\$26,682	0	0	0	0	0	0	0	0
15000 - 17499	0.235	413	\$28,513	0	0	0	0	0	0	0	0
17500 - 19999	0.611	1,074	\$30,717	0	0	0	0	0	0	0	0
20000 - 22499	0.611	1,074	\$32,717	0	0	0	0	0	0	0	0
22500 - 24999	0.517	909	\$34,784	0	0	0	0	0	0	0	0
25000 - 27499	1.175	2,065	\$36,904	0	0	0	0	0	0	0	0
27500 - 29999	1.598	2,809	\$38,752	0	0	0	0	0	0	0	0
30000 - 32499	2.303	4,048	\$40,698	0	0	0	0	0	0	0	0
32500 - 34999	4.417	7,764	\$42,853	0	0	0	0	0	0	0	0
35000 - 37499	5.310	9,333	\$44,823	0	0	0	0	0	0	0	0
37500 - 39999	4.981	8,755	\$46,625	0	0	0	0	0	0	0	0
40000 - 42499	6.156	10,821	\$48,637	0	0	0	0	0	0	0	0
42500 - 44999	4.981	8,755	\$50,733	0	0	0	0	0	0	0	0
45000 - 47499	3.994	7,020	\$52,561	0	0	0	0	0	0	0	0
47500 - 49999	4.323	7,599	\$54,669	0	0	0	0	0	0	0	0
50000 - 52499	4.370	7,681	\$56,770	0	0	0	0	0	0	0	0
52500 - 54999	3.900	6,855	\$58,651	0	0	0	0	0	0	0	0
55000 - 57499	3.759	6,607	\$60,754	0	0	0	0	0	0	0	0
57500 - 59999	3.571	6,277	\$62,678	0	0	0	0	0	0	0	0
60000 - 62499	3.242	5,699	\$64,735	0	0	0	0	0	0	0	0
62500 - 64999	3.947	6,938	\$66,847	0	0	0	0	0	0	0	0
65000 - 67499	3.242	5,699	\$68,593	0	0	0	0	0	0	0	0
67500 - 69999	2.444	4,296	\$70,607	0	0	0	0	0	0	0	0
70000 - 72499	2.867	5,039	\$72,584	0	0	0	0	0	0	0	0
72500 - 74999	1.786	3,139	\$74,708	0	0	0	0	0	0	0	0
75000 - 77499	1.682	2,974	\$76,658	0	0	0	0	0	0	0	0
77500 - 79999	1.645	2,891	\$78,699	0	0	0	0	0	0	0	0
80000 - 84999	2.021	3,552	\$80,724	0	0	0	0	0	0	0	0
85000 - 89999	2.350	4,131	\$82,637	0	0	0	0	0	0	0	0
90000 - 94999	1.269	2,231	\$84,715	0	0	0	0	0	0	0	0
95000 - 99999	1.786	3,139	\$86,627	0	0	0	0	0	0	0	0
100000 - 104999	1.081	1,900	\$88,504	0	0	0	0	0	0	0	0
105000 - 109999	1.457	2,581	\$90,575	0	0	0	0	0	0	0	0
110000 - 114999	1.457	2,581	\$92,723	0	0	0	0	0	0	0	0
115000 - 119999	0.893	1,570	\$94,871	0	0	0	0	0	0	0	0
120000 - 124999	8.975	15,776	\$132,020	0	0	0	14,105	0	0	222,510,282	0
TOTAL	100.000	175,772							0.062	0.121	0.0145

Total Taxable Tax Rate 0.062 0.121 0.0145
 City Pmt \$0 \$26,923,744 \$0
 Tier I & II & Medicare \$26,923,744

RCAF Unemployment Insurance Tax

	Unemployment Ins.		Hourly	RRB	Factor	Avg. Ann.	Un. Ins.
	Tax	Earnings	Earnings	Sample	To Update	Taxable	Hourly
	Rate	Base		Year	RRB Sample	Earnings	Rate
			\$27,258	(2002)			
2003 Avg.	4.61%	\$13,440	\$27,952		1.025460	\$12,566.01	\$0.322
4Q/04	2.88%	\$13,560	\$28,834		1.057818	\$12,688.80	\$0.203
1Q/05	2.28%	\$13,800	\$29,332		1.076088	\$12,913.18	\$0.164
2Q/05	2.28%	\$13,800	\$29,115		1.068127	\$12,909.59	\$0.164
3Q/05	2.28%	\$13,800	\$29,408		1.078876	\$12,914.43	\$0.164
			\$27,952	(2003)			
2004 Avg.	2.88%	\$13,560	\$28,151		1.007119	\$12,797.12	\$0.197
4Q/05	2.29%	\$13,800	\$29,157		1.043110	\$13,030.55	\$0.159
1Q/06	2.36%	\$14,340	\$29,277		1.047403	\$13,526.36	\$0.170
2Q/06	2.36%	\$14,340	\$29,255		1.046616	\$13,526.05	\$0.170
3Q/06	2.36%	\$14,340	\$29,302		1.048297	\$13,526.71	\$0.170
			\$28,151	(2004)			
2005 Avg.	2.29%	\$13,800	\$28,884		1.026038	\$12,810.75	\$0.162
4Q/06	2.36%	\$14,340	\$29,136		1.034990	\$13,295.94	\$0.173
1Q/07	2.47%	\$14,760	\$29,220		1.037974	\$13,670.56	\$0.186
2Q/07	2.47%	\$14,760	\$29,238		1.038613	\$13,670.92	\$0.186
3Q/07	2.47%	\$14,760	\$29,336		1.042094	\$13,672.83	\$0.186
			\$28,884	(2005)			
2006 Avg.	2.36%	\$14,340	\$29,465		1.020115	\$13,053.43	\$0.173
3Q/07 reb.	2.47%	\$14,760	\$29,655		1.026693	\$13,422.16	\$0.186
4Q/07	2.47%	\$14,760	\$30,476		1.055117	\$13,438.69	\$0.186
1Q/08	2.48%	\$15,360	\$31,071		1.075717	\$13,972.06	\$0.195
2Q/08	2.48%	\$15,360	\$31,090		1.076374	\$13,972.45	\$0.195
3Q/08	2.48%	\$15,360			0.000000		--

Note: Average Annual Taxable Earnings is calculated from the RRB 1% sample data, by multiplying the average annual earnings in the file times the "Factor", and limiting the amount to the earnings base. Thus, the annual hourly earnings used for the calculation of the Factor is for the RRB sample year, and the Factor brings the earnings in the RRB 1% sample file to the current quarter's level.

2005 rate changes from 2.28% to 2.29% because rebenchmarking to 2004 (and later) wage statistics and annual report data adds BL&E and DMIR to the railroad group.

The MEANS Procedure

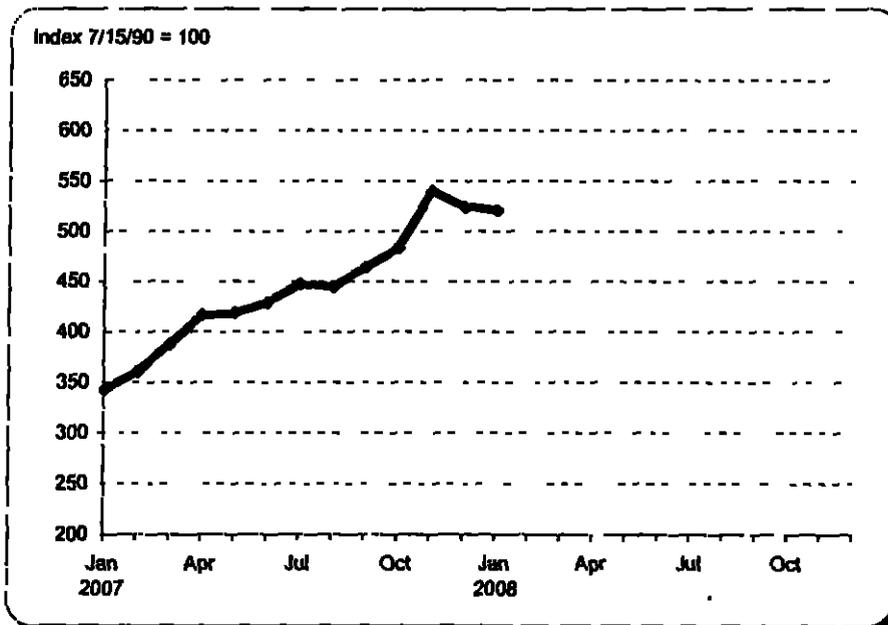
Variable	N	Sum	Mean
ANUAL_US	2850	37202270.07	13053.43
QTRLY_US	2850	39821487.14	13972.45

The MEANS Procedure

Variable	N	Sum	Mean
FactorA	2850	2907.33	1.0201150
FactorQ	2850	3067.67	1.0763740
Capa	2850	40869000.00	14340.00
Capq	2850	43776000 00	15360.00

Monthly Railroad Fuel Price Indexes

Prices through January 2008



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Association of American Railroads
Policy and Economics Department
50 F Street NW
Washington, DC 20001

February 20, 2008
www.aar.org
policy@aar.org



N /these data are available in spreadsheet format by clicking the "Download Series History" link on the previous page (with drop-down menu bar at top)

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New York Harbor No. 2 Heating Oil Spot Price FOB (Cents per Gallon)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1986						38 010	33 363	40 760	40 198	39 376	42 183	44 720
1987	52 131	47 364	49 123	48 483	51 758	52 270	54 707	52 407	52 259	56 260	55 908	53 550
1988	51 773	48 072	47 520	51 479	50 877	44 759	42 721	43 377	40 583	40 213	44 869	51 000
1989	54 353	51 345	56 928	53 808	50 698	48 489	49 334	49 755	55 685	58 799	59 326	80 325
1990	71 080	57 463	57 953	58 504	53 852	48 069	53 080	75 347	88 815	94 203	87 320	79 589
1991	75 005	70 571	61 836	56 186	55 045	53 547	57 706	60 479	61 500	66 476	64 288	52 447
1992	51 625	53 240	52 514	56 230	57 623	61 234	60 262	58 239	61 811	62 627	56 610	54 958
1993	53 037	55 924	58 055	55 544	54 517	52 518	49 803	50 841	51 951	53 927	50 185	43 451
1994	49 946	55 671	49 236	47 876	47 856	49 241	49 855	49 473	47 744	48 180	49 432	48 341
1995	47 915	47 587	45 762	49 387	50 086	47 594	46 515	49 060	50 130	48 709	51 748	57 607
1996	55 515	61 354	65 633	67 598	57 591	51 439	55 536	60 305	67 651	72 264	70 053	72 172
1997	69 780	61 090	54 727	57 731	56 346	52 237	53 031	53 994	53 195	57 162	56 367	51 075
1998	46 551	44 319	42 144	43 005	41 135	37 830	36 222	34 484	40 261	38 516	35 872	31 334
1999	33 505	30 436	38 771	43 105	42 286	43 278	44 992	54 832	60 193	58 417	64 783	67 122
2000	91 489	93 717	77 345	74 851	75 961	78 243	78 071	89 286	98 762	97 679	103 180	94 294
2001	84 540	78 547	74 081	78 174	77 223	75 585	69 784	73 359	73 109	62 835	54 848	52 379
2002	53 559	54 077	63 566	66 717	66 604	64 597	67 852	70 118	77 342	76 785	71 986	82 100
2003	90 511	112 852	98 825	79 605	74 129	75 938	78 607	81 612	73 644	82 030	81 450	89 068
2004	98 403	91 271	90 926	92 196	101 835	99 365	109 017	116 695	125 723	148 457	138 401	127 509
2005	131 616	134 290	155 595	152 262	141 253	161 231	164 002	180 421	196 290	189 106	168 930	170 724
2006	175 075	163 850	177 726	197 807	197 159	192 472	193 542	198 355	169 937	164 770	164 815	168 359
2007	152 758	169 306	174 151	186 364	188 360	199 092	207 222	198 433	217 925	228 241	258 646	257 399
2008	255 785											

Updated on 2/27/2008

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AAR MATERIALS AND SUPPLIES INDEX
Region By Composition
First Quarter 2008
February 25, 2008

United States by Composition Category - Summary

Composition Category -----	Weight -----	Previous Quarter Index -----	Current Quarter Index -----	Relative Of Change -----
Forest Products	.1184	219.24	221.37	1.0097
Metal Products	.6461	175.76	180.08	1.0246
Miscellaneous Products	2355	261.75	274.50	1.0487
U.S. By Composition	--	201 16	207.20	1.0300
U.S. By Composition (Linked)	--	205.97	212 15	1.0300
United States (1977=100) Linking Factor: 1.423	--	293.10	301.89	1.0300
United States (1980=100) Linking Factor: 1.061	--	218 53	225.09	1.0300

Car Hire for RCAF

RCAF (Forecast)

	1980	June 3Q/07	Sept 4Q/07	Dec 1Q/08	Mar 2Q/08	June 3Q/08
RATE						
RR-OWNED TIME	31.00	67.00	67.00	67.00	67.00	--
RR-OWNED MILEAGE	4.69	7.30	7.30	7.20	7.20	--
PRIVATELY-OWNED CARS	25.47	44.76	44.73	44.89	45.27	--
AUTORACKS	47.00	47.82	48.97	50.84	49.17	--
INDEX						
RR-OWNED TIME	100.0	216.1	216.1	216.1	216.1	--
RR-OWNED MILEAGE	100.0	155.7	155.7	153.5	153.5	--
PRIVATELY-OWNED CARS	100.0	175.8	175.6	176.2	177.7	--
AUTORACKS	100.0	101.7	104.2	108.2	104.6	--
CAR HIRE INDEX (old wts) 2005	100.0	181.3	--	--	--	--
CAR HIRE INDEX (new wts) 2006	100.0	180.8	180.7	180.9	182.0	--
CAR HIRE INDEX (LINKED)	100.0	179.8	179.7	179.9	181.0	--

Note: The Car Hire Index for third quarter using *old weights* and *linked* should match that quarter's filing. The third quarter *new weights* version is used in the fourth quarter linked index calculation to ensure that the transition from old weights to new weights does not impact the linked index.

Note: Indexes are rounded, rates are full float

Equipment Rents Data From UMLER

	2007						2008							
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Railroad Owned														
No of Cars	9,404	9,399	9,393	9,381	9,343	9,332	9,325	9,313	9,301					
Superstructures	18.0	17.0	17.0	18.0	18.0	18.0	17.0	18.0	18.0					
Rate	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0	67.0					
All other #1 - Time	7.2	7.3	7.3	7.2	7.2	7.2	7.2	7.2	7.2					
All other #2 - Mileage														
Privately Owned														
No of Cars	49,877	49,721	49,818	49,754	49,707	49,720	49,740	49,737	49,743					
Superstructures	335,387	335,982	338,292	338,566	33,780	340,654	341,287	341,973	342,902					
Covered Hoppers	294,240	294,531	297,038	299,608	299,139	300,010	301,849	303,784	305,916					
Tank Cars	289,294	289,490	290,414	289,831	290,833	291,485	292,585	292,918	294,488					
Others														
Rate	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0	76.0					
Superstructures #1 - Time	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8					
Superstructures #2 - Mileage	54.0	54.0	55.0	56.0	56.0	57.0	53.0	54.0	55.0					
Superstructures #3 - Auto Rack	44.5	44.5	44.6	44.7	44.8	44.9	44.3	44.7	44.7					
Covered Hoppers #2 - Mileage	72.7	72.7	71.9	72.0	72.1	72.2	71.6	72.0	73.4					
Tank Cars #2 - Mileage	67.0	68.0	66.0	66.0	65.0	65.0	66.0	66.0	65.0					
Others #1 - Time	6.9	6.9	6.9	6.9	6.8	6.8	6.7	6.7	6.7					
Others #2 - Mileage														
AVERAGE RATES														
Private Superstructures	18.66	18.66	18.66	18.66	18.66	18.66	19.13	19.13	19.13	0.00	0.00	0.00	0.00	0.00
Private Others	21.77	21.55	21.55	21.55	21.23	21.23	21.35	21.35	21.13	0.00	0.00	0.00	0.00	0.00
Private Total	44.95	44.89	44.73	44.85	44.83	44.89	44.58	44.88	45.27	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Autotracks	47.85	48.12	48.97	49.97	49.99	50.84	47.32	48.32	49.17	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

	"Old Wts" "New Wts"	
	2005	2006
For RCAF & RCR	0.181	0.182
R/R-owned Time	0.089	0.097
R/R-owned Mileage	0.730	0.716
Privately-owned Cars	0.000	0.005
Autotracks	1.000	1.000
----- Check sum		

Weights for Equipment Rents (not used in Car Hire calculation)		
2005	2006	
Car Hire - U S	0.492	0.483
Lease Rentals - U S	0.508	0.537
----- Check sum	1.000	1.000

Note: The 4 bold lines are used for the Car Hire Rate. Private Total uses a weighted average of the Covered Hoppers, Tank Cars, Combined Private Superstructures, and Combined Private Others rates.

1 PROGRAM DPRB799

CURRENT DATE MARCH

01, 2008

RAILROAD EQUIPMENT 1/

PAGE NO 40

CAR GROUP		AVERAGE RATE FOR 03/08			
		CAR RENTAL RATES			
		TIME	MILEAGE	AUTO RACK	
-VEHICULAR FLATS	CAR COUNT				
ONO OF ZERO RATED VEH FLATS 2/	9,301	128 ¢/HR	080 \$/MILE		18 ¢/HR
-ALL OTHER CARS	101				
ONO OF ZERO RATED "OTHER" CARS 2/	668,161	67 ¢/HR	072 \$/MILE		
0	38,890				
	TOTAL				
	716,453				

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES
 CAR TYPE D - LOCOMOTIVES
 CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND EOT DEVICE
 CAR TYPE U - CONTAINERS
 CAR TYPE Z - TRAILERS

0 -2/ ALL TTX EQUIPMENT (INCLUDING APOX, RBOX AND GONK) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT
 EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS
 WITH RATE INDICATOR SIX (6) THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS

AVERAGE RATE FOR 03/08

CAR GROUP	CAR COUNT	TIME	MILEAGE	AUTO RACK
-VEHICULAR FLATS	49,743	78 c/HR	008 \$/MILE	55 c/HR
ONO OF ZERO RATED VE1 FLATS 2/	10			
-COVERED HOPPERS	342,902	0 c/HR	447 \$/MILE	
ONO OF ZERO RATED COVERED HOPPERS 2/	11,881			
-TANKS	305,916	4 c/HR	734 \$/MILE	
ONO OF ZERO RATED TANKS 2/	9,879			
-ALL OTHER CARS	294,498	65 c/HR	067 \$/MILE	
ONO OF ZERO RATED "OTHER" CARS 2/	38,711			
TOTAL	1,053,540			

1/ THIS PRINT EXCLUDES THE FOLLOWING CAR TYPES

CAR TYPE D - LOCOMOTIVES

CAR TYPE M - MAINTENANCE OF WAY, SCALE, PASSENGER, CABOOSE AND BOT DEVICE

CAR TYPE U - CONTAINERS

CAR TYPE Z - TRAILERS

0 ALL FTX EQUIPMENT (INCLUDING ABOX, RBOX AND GONK) IS SHOWN ON THE PRIVATE EQUIPMENT REPORT

-2/ EQUIPMENT CAN BE ZERO RATED DUE TO OWNERS SUPPLYING INCORRECT OR INSUFFICIENT INFORMATION TO THE CAR ACCOUNTING PROCESS OR CARS WITH RATE INDICATOR SIX (6) THIS EQUIPMENT IS ELIMINATED FROM THE AVERAGING PROCESS

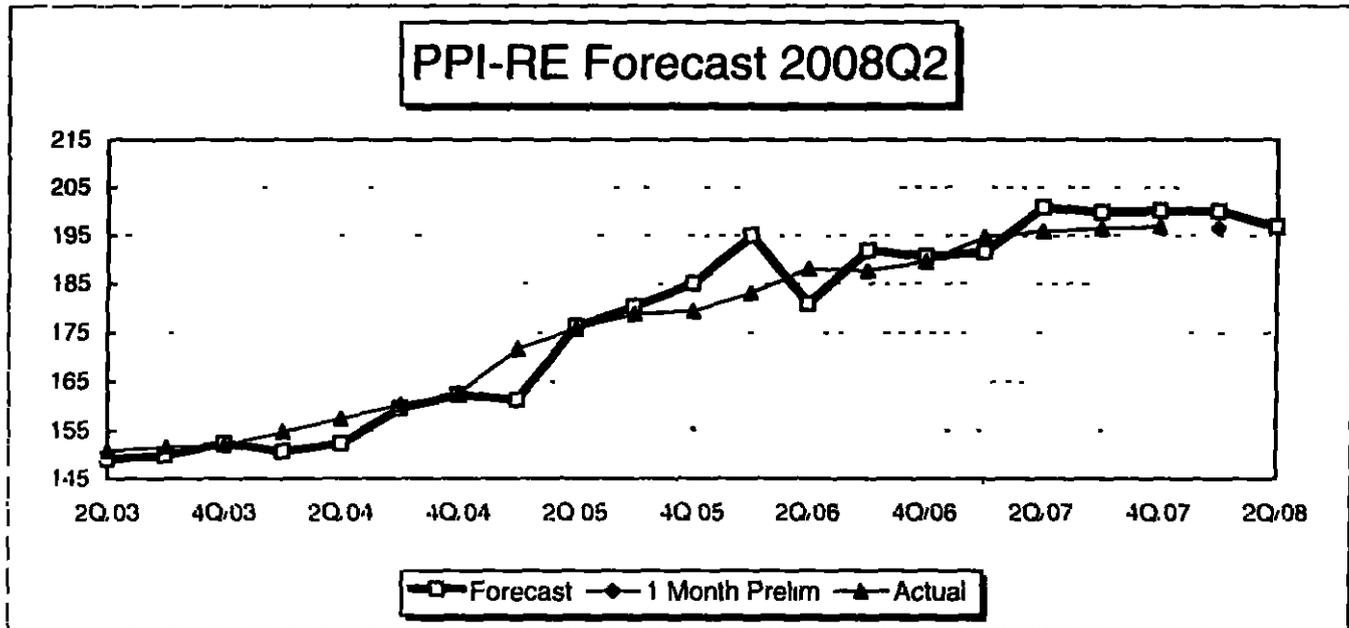
1E

PPI-RE Forecast (for Depreciation Component)

	Forecast	Actual	1 Month Prelim
2Q/03	149 1	150 8	
3Q/03	149 9	151 7	
4Q/03	152 4	152 0	
1Q/04	150 7	154.8	
2Q/04	152 3	157 5	
3Q/04	159 6	160 3	
4Q/04	162 4	162 7	
1Q/05	161 3	171 7	
2Q/05	176 3	175 9	
3Q/05	180 3	178 9	
4Q/05	185 1	179 4	
1Q/06	195 0	183 1	
2Q/06	180 9	188 1	
3Q/06	191 9	187 7	
4Q/06	190 6	189 6	
1Q/07	191 6	194 8	
2Q/07	200 9	195 9	
3Q/07	199 9	196 5	
4Q/07	200 2	197 0	
1Q/08	200 1		196 6
2Q/08	196 9		

1980 Base

	PPI-RE Forecast		Percent Change			
	(82=100)	(80=100)	Yr Ago Actual	Latest Month Actual	2nd Prev Qtr Actual	Previous Forecast
2008Q2						
Low	172 1	190 4	-2 8%			
Modpoint	178 0	196.9	0.5%	0.2%	-0.1%	-1.6%
High	183 9	203 4	3 8%			





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Data extracted on: February 26, 2008 (08:43 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	178.3 (P)	178.2 (P)	177.8 (P)	176.5 (P)
2008	177.7 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication

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Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q2\5Deprec\FPre_ppi.xls is open and ready for use

Expert data exploration of dependent variable PPIRE

 Length 72 Minimum 134.500 Maximum 178.300
 Mean 154.167 Standard deviation 16.504

Classical decomposition (multiplicative)
 Trend-cycle: 99.20% Seasonal: 0.27% Irregular: 0.53%

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 1.231 to 2.146 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is nonstationary and seasonal

Recommended model: Box-Jenkins
 Forecast Model for PPIRE
 ARIMA(1,1,0)*(1,0,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.2539	0.1169	2.1724	0.9667
A[12]	0.2883	0.1212	2.3790	0.9799

Within-Sample Statistics

Sample size 72	Number of parameters 2
Mean 154.2	Standard deviation 16.5
R-square 0.9944	Adjusted R-square 0.9943
Durbin-Watson 2.085	Ljung-Box(18)=22.35 P=0.7831
Forecast error 1.242	BIC 1.3
MAPE 0.004773	RMSE 1.225
MAD 0.7493	

Forecast Report
 Tue Feb 26 10:12:37 2008
 Box-Jenkins model for PPIRE
 Analysis of Historic Fit Set

Date	Historic
2002-02	134.600
2002-03	135.100
2002-04	135.000
2002-05	135.200
2002-06	135.400
2002-07	134.900
2002-08	135.000
2002-09	134.600
2002-10	134.500
2002-11	134.500
2002-12	134.500
2003-01	134.500
2003-02	135.400
2003-03	135.500
2003-04	136.000
2003-05	136.300
2003-06	136.300
2003-07	136.700

re_ppi.txt

2003-08	136.500
2003-09	136.900
2003-10	137.200
2003-11	137.700
2003-12	137.300
2004-01	137.900
2004-02	140.100
2004-03	142.200
2004-04	142.800
2004-05	143.500
2004-06	143.700
2004-07	143.200
2004-08	143.500
2004-09	144.200
2004-10	145.000
2004-11	147.000
2004-12	153.200
2005-01	153.400
2005-02	156.000
2005-03	161.600
2005-04	161.100
2005-05	161.300
2005-06	161.200
2005-07	161.500
2005-08	161.800
2005-09	161.800
2005-10	161.700
2005-11	161.900
2005-12	162.200
2006-01	164.200
2006-02	165.500
2006-03	168.200
2006-04	168.200
2006-05	169.600
2006-06	171.300
2006-07	170.600
2006-08	170.900
2006-09	170.400
2006-10	170.200
2006-11	170.300
2006-12	172.700
2007-01	173.900
2007-02	175.600
2007-03	176.100
2007-04	174.200
2007-05	175.600
2007-06	176.400
2007-07	177.400
2007-08	177.400
2007-09	177.900
2007-10	178.300
2007-11	178.200
2007-12	177.800
2008-01	177.700

Forecasted values

Date	2.5 Lower	Forecast	97.5 Upper
2008-02	175.659	178.077	180.495
2008-03	174.315	178.192	182.070
2008-04	172.618	177.637	182.657

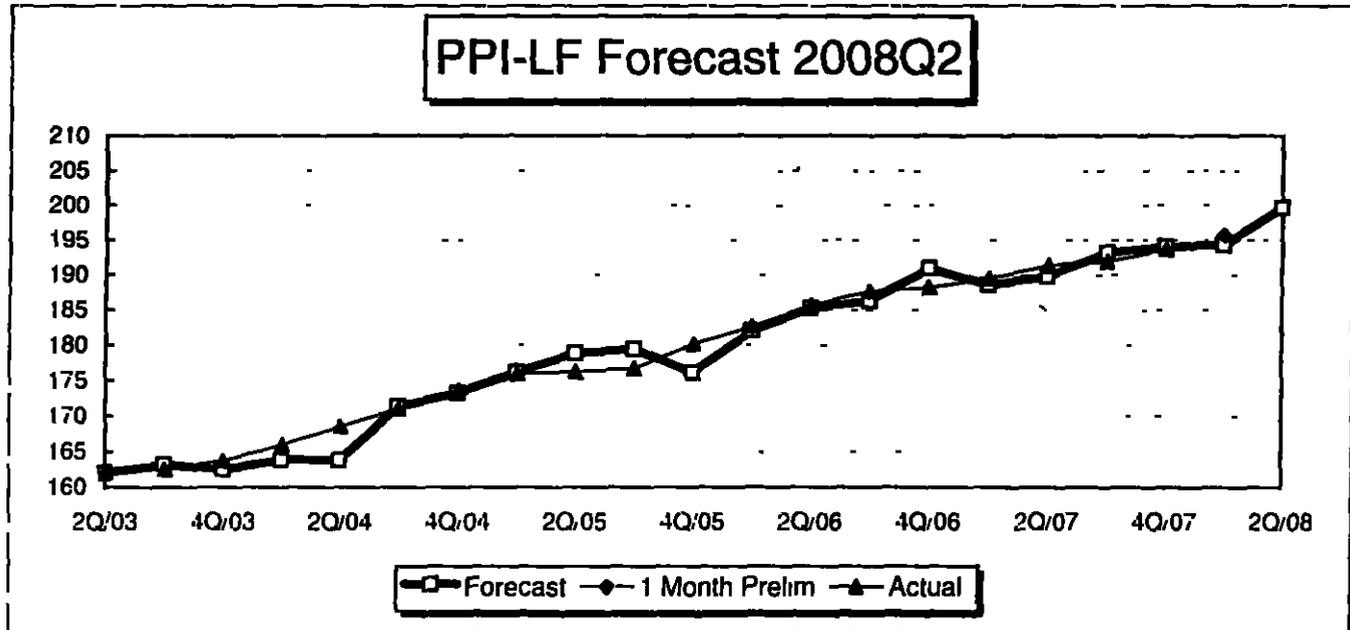
			re_pp1.txt
2008-05	172.072	178.039	184.006
2008-06	171.480	178.269	185.058
2008-07	171.035	178.557	186.080
2008-08	170.367	178.557	186.748
2008-09	169.893	178.702	187.510
2008-10	169.432	178.817	188.202
2008-11	168.859	178.788	188.717
2008-12	168.228	178.673	189.117
2009-01	167.708	178.644	189.579

PPI-LF Forecast (for Other and Lease Rentals Components)

	Forecast	Actual	1 Month Prelim
2Q/03	162.1	162.3	
3Q/03	163.2	162.6	
4Q/03	162.6	163.8	
1Q/04	163.9	166.0	
2Q/04	163.9	168.6	
3Q/04	171.4	171.1	
4Q/04	173.3	173.7	
1Q/05	176.3	176.0	
2Q/05	178.9	176.3	
3Q/05	179.5	176.8	
4Q/05	176.2	180.2	
1Q/06	182.1	182.7	
2Q/06	185.3	185.7	
3Q/06	186.3	187.7	
4Q/06	190.9	188.2	
1Q/07	188.6	189.5	
2Q/07	189.8	191.4	
3Q/07	193.2	191.9	
4Q/07	194.1	193.7	
1Q/08	194.3		195.7
2Q/08	199.7		

1980 Base

	PPI-LF Forecast		Percent Change			
			Yr Ago	Latest Month	2nd Prev	Previous
2008Q2	(82=100)	(80=100)	Actual	Actual	Qtr Actual	Forecast
Low	175.7	197.0	2.9%			
Modpoint	178.1	199.7	4.3%	2.0%	3.1%	2.8%
High	180.5	202.4	5.7%			





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Data extracted on: February 26, 2008 (08:45 AM)

PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.0 (P)	173.1 (P)	173.2 (P)	170.9 (P)
2008	174.6 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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Forecast Pro Version 4.3 Standard Edition

Database I:\Indexes2\RCAF\2008q2\7Other\FPI\lf_ppi.xls is open and ready for use.

Expert data exploration of dependent variable PPILF

Length 72 Minimum 142.200 Maximum 174.600
 Mean 156.249 Standard deviation 10.601

Classical decomposition (multiplicative)
 Trend-cycle: 99.48% Seasonal: 0.06% Irregular: 0.46%

Choice is narrowed down to Box-Jenkins or exponential smoothing.

Box-Jenkins outperforms exponential smoothing by 0.640 to 1.149 out-of-sample Mean Absolute Deviation. I tried 78 forecasts up to a maximum horizon 12.

Series is trended and seasonal.

Recommended model: Box-Jenkins
 Forecast Model for PPILF
 ARIMA(1,1,0)*(2,0,0)

Term	Coefficient	Std. Error	t-Statistic	Significance
a[1]	0.5274	0.1014	5.2003	1.0000
A[12]	0.1570	0.0942	1.6661	0.8997 <-
A[24]	0.7498	0.0948	7.9094	1.0000

Embedded insignificant AR terms -- consider dynamic regression.

within-sample statistics

Sample size 72	Number of parameters 3
Mean 156.2	Standard deviation 10.6
R-square 0.9987	Adjusted R-square 0.9986
Durbin-Watson 1.991	Ljung-Box(18)=19.83 P=0.6577
Forecast error 0.3912	BIC 0.4187
MAPE 0.00186	RMSE 0.383
MAD 0.2969	

Forecast Report
 Tue Feb 26 10:43:39 2008
 Box-Jenkins model for PPILF
 Analysis of Historic Fit Set

Date	Historic
2002-02	142.200
2002-03	142.400
2002-04	142.800
2002-05	142.700
2002-06	143.000
2002-07	143.000
2002-08	143.000
2002-09	143.200
2002-10	143.900
2002-11	143.800
2002-12	143.400
2003-01	144.000
2003-02	144.700
2003-03	145.300

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2003-04	144.800
2003-05	144.900
2003-06	144.800
2003-07	144.600
2003-08	144.800
2003-09	145.000
2003-10	145.900
2003-11	146.100
2003-12	146.300
2004-01	147.200
2004-02	148.200
2004-03	149.100
2004-04	150.000
2004-05	150.500
2004-06	150.900
2004-07	151.500
2004-08	152.600
2004-09	153.300
2004-10	154.600
2004-11	155.000
2004-12	155.400
2005-01	156.400
2005-02	156.900
2005-03	157.400
2005-04	157.600
2005-05	157.400
2005-06	157.000
2005-07	157.300
2005-08	157.500
2005-09	158.700
2005-10	160.500
2005-11	161.000
2005-12	161.300
2006-01	162.500
2006-02	163.200
2006-03	163.800
2006-04	164.800
2006-05	166.400
2006-06	166.800
2006-07	167.100
2006-08	167.500
2006-09	167.600
2006-10	167.700
2006-11	167.800
2006-12	167.900
2007-01	168.200
2007-02	168.600
2007-03	169.400
2007-04	170.300
2007-05	170.800
2007-06	171.000
2007-07	171.400
2007-08	171.100
2007-09	171.200
2007-10	172.000
2007-11	173.100
2007-12	173.200
2008-01	174.600

Forecasted values

Date 2.5 Lower Forecast 97.5 Upper
Page 2

1f_ppi.txt

2008-02	174.671	175.427	176.183
2008-03	174.748	176.128	177.508
2008-04	175.145	177.086	179.027
2008-05	175.961	178.399	180.837
2008-06	175.868	178.749	181.629
2008-07	175.768	179.046	182.324
2008-08	175.665	179.304	182.944
2008-09	175.426	179.398	183.369
2008-10	175.320	179.600	183.879
2008-11	175.280	179.848	184.416
2008-12	175.100	179.939	184.778
2009-01	175.288	180.384	185.480

Forecast Error Calculation

	Fourth Quarter 2007		Diff
	2007Q4 Forecast	2007Q4 Actual	
Labor	307.9	307.9	0.0
Fuel	276.4	298.5	22.1
M&S	218.4	218.4	0.0
Equip Rents	192.9	192.9	0.0
Depreciation	200.2	197.0	-3.2
Interest	90.2	90.2	0.0
Other	194.1	193.7	-0.4
Weighted Avg			
1980 = 100	248.1	251.9	
1980 = 100 (linked)	241.7	245.6	
4Q07 = 100	98.3	99.9	
4Q02 = 100	125.8	127.9	
4Q97 = 100	139.5	141.8	
4Q92 = 100	154.0	156.5	

Forecast Error → 1.6

Prior Quarter	2007Q4 Forecast	2007Q4 Actual	Diff
1980 = 100	240.2	243.8	***
1980 = 100 (linked)	234.0	237.7	
4Q07 = 100	95.2	96.7	
4Q02 = 100	121.8	123.7	
4Q97 = 100	135.1	137.2	
4Q92 = 100	149.1	151.5	

Equipment Rents

Car Hire	179.7	179.6	
Lease Rentals	194.1	193.7	
Weighted Average	187.4	187.2	
Linked	192.9	192.9	

from UMLER equipment rents
calculated (equals PPI-LF from above)
calculated
calculated

Prior Quarter	2007Q4 Forecast	2007Q4 Actual	Diff
Weighted Average	187.0	186.3	***
Linked	192.5	192.0	

Sum of Weights ok
Sum of ER Wt. ok

*** If fourth quarter, weighted avg for prior needs to use new weights, linked is ok

All-Inclusive Index (Actual)

	06 Wts	3Q/07 05 Wts	3Q/07 06 Wts	% Chg.	4Q/07 06 Wts	% Chg	1Q/08 06 Wts	% Chg	2Q/08 06 Wts	% Chg	3Q/08 06 Wts	% Chg
Labor	34.5%	298.5	298.5	0.0%	307.9	3.1%	312.8	1.6%	NA	NA	NA	NA
Fuel	19.2%	276.0	276.0	0.0%	298.5	8.2%	321.4	7.7%	NA	NA	NA	NA
M&S	5.0%	212.6	212.6	0.0%	218.4	2.7%	218.5	0.0%	NA	NA	NA	NA
Equipment Rents	7.8%	192.0	192.0	0.0%	192.9	0.5%	85.7	-55.6%	0.0	NA	#DIV/0!	NA
Depreciation	10.6%	196.5	196.5	0.0%	197.0	0.3%	NA	NA	NA	NA	NA	NA
Interest	2.7%	96.9	96.9	0.0%	90.2	-6.9%	90.2	0.0%	90.2	0.0%	90.2	0.0%
Other	20.2%	191.9	191.9	0.0%	193.7	0.9%	NA	NA	NA	NA	NA	NA
Weighted Avg.	10000											
Linked		241.5	243.8	1.0%	251.9	3.3%	189.7	-24.7%	2.4	NA	#DIV/0!	NA
10/1/80	1,027	237.7			245.6	3.3%	185.0	-24.7%	2.3	NA	#DIV/0!	NA
10/1/82	1,208	231.5			239.1	3.3%	180.1	-24.7%	2.2	NA	#DIV/0!	NA
4Q/87	1,322	196.6			203.1	3.3%	153.0	-24.7%	1.9	NA	#DIV/0!	NA
4Q/92	1,569	179.8			185.8	3.3%	139.9	-24.7%	1.7	NA	#DIV/0!	NA
4Q/97	1,732	151.5			156.5	3.3%	117.9	-24.7%	1.5	NA	#DIV/0!	NA
4Q/02	1,921	137.2			141.8	3.4%	106.8	-24.7%	1.3	NA	#DIV/0!	NA
4Q/07	2,459	96.7			127.9	3.4%	96.3	-24.7%	1.2	NA	#DIV/0!	NA
Equipment Rents												
Car Hire	46.3%	179.9	179.9	0.0%	179.6	-0.2%	179.7	0.1%	NA	NA	NA	NA
Lease Rentals	53.7%	191.9	191.9	0.0%	193.7	0.9%	0.0	NA	0.0	NA	0.0	NA
ER Weighted Avg	10000											
ER Linked		186.0	186.3	0.2%	187.2	0.5%	83.2	-55.6%	0.0	NA	0.0	NA
		192.0			192.9	0.5%	85.7	-55.6%	0.0	NA	#DIV/0!	NA

Impact/Check of weight change	05 Wts	06 Wts
Labor	105.371	102.983
Fuel	44.160	52.892
Material & Supplies	9.780	10.630
Equipment Rents	15.744	14.976
Depreciation	21.812	20.829
Interest	3.004	2.616
Other	41.642	38.764
Weighted Avg.	241.512	243.790
ER Weighted Avg	185.996	186.344

RCAF Fuel (Actual All-Inclusive Index)

October 2007

Average Price for Monthly Report

	October 2007 Price (1)	1/1/81 Price (2)	1/91 New	October 2007 Index 1/1/81=100 (4)	$(4) = (1) / (2) \times (3)$
			Method Linking Factors (3)		
U S	244.30	89.34	99.415	271.85	
East	239.31	91.56	99.435	259.89	
West	246.26	87.83	99.416	278.75	

Fuel Index on 1977 Base and 1980 Base

	October 2007 Index		Linking Factors		October 2007 Index		$(4) = (1) \times (2)$ $(5) = (1) \times (3)$
	1/1/81=100 (1)	1977=100 (2)	1980=100 (3)	1977=100 (4)	1980=100 (5)		
U.S.	271.85	2.606	1.096	708.44	297.95		
East	259.89	2.569	1.134	667.66	294.72		
West	278.75	2.639	1.067	735.61	297.42		

Final Actual All-inclusive Index

	1980=100 October 2007		October 2007 Linked Index
	Current Index	Adjustment Factor	
U S	297.95	1.00192	298.52 ←
East	294.72	1.00621	296.55
West	297.42	1.00024	297.49

January	= Q1
April	= Q2
July	= Q3
October	= Q4

Car Hire for RCAF

RCAF (Actual)

		1980	Aug 3Q/07	Nov 4Q/07	Feb 1Q/08	May 2Q/08	Aug 3Q/08
RATE							
	RR-OWNED TIME	31 00	67 00	67 00	67 00	--	--
	RR-OWNED MILEAGE	4 69	7 30	7 20	7 20	--	--
	PRIVATELY-OWNED CARS	25 47	44 89	44 83	44 88	--	--
	AUTORACKS	47 00	48 12	49 99	48 32	--	--
INDEX							
	RR-OWNED TIME	100 0	216 1	216 1	216 1	--	--
	RR-OWNED MILEAGE	100 0	155 7	153 5	153 5	--	--
	PRIVATELY-OWNED CARS	100 0	176 2	176 0	176 2	--	--
	AUTORACKS	100 0	102.4	106 4	102 8	--	--
CAR HIRE INDEX (old wts)	2005	100 0	181 6	--	--	--	--
CAR HIRE INDEX (new wts)	2006	100 0	181 1	180 8	180 9	--	--
CAR HIRE INDEX (LINKED)		100 0	179 9	179 6	179 7	--	--

Note Indexes are rounded, rates are full float

RCAF - Depreciation

Series ID . wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Forecast Year 2008

As reported at end of month 82=100

		Nov.	Feb.	May	Aug.
For Forecast	→	08Q1	08Q2	08Q3	08Q4
For Actual	→	07Q3	07Q4	08Q1	08Q2
January	2007	173.9	173.9	173.9	173.9
February	2007	175.6	175.6	175.6	175.6
March	2007	176.1	176.1	176.1	176.1
April	2007	174.2	174.2	174.2	174.2
May	2007	175.6	175.6	175.6	175.6
June	2007	176.4	176.4	176.4	176.4
July	2007	178.1	177.4	177.4	177.4
August	2007	177.5	177.4	177.4	177.4
September	2007	177.1	177.9	177.9	177.9
October	2007	178.3	178.3		
November	2007		178.2		
December	2007		177.8		
January	2008		177.7		
February	2008				
March	2008				
April	2008				
May	2008				
June	2008				
July	2008				
Actual Qtr.		177.6	178.1	NA	NA

1980=100

Actual Qtr

First Mo. next qtr

196.5	197.0	NA	NA
197.2	196.6	NA	NA

0.904 = 1980



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PPI Commodity Data

Series Catalog:

Series ID : wpu144

Not Seasonally Adjusted

Group : Transportation equipment

Item : Railroad equipment

Base Date . 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	173.9	175.6	176.1	174.2	175.6	176.4	177.4	177.4	177.9	178.3 (P)	178.2 (P)	177.8 (P)	176.5 (P)
2008	177.7 (P)												

P - Preliminary. All indexes are subject to revision four months after original publication.

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RCAF - Other

Series ID . wpu03t15m05

Not Seasonally Adjusted

Group . Industrial Commodities less fuels

Item . Industrial commodities less fuels

Forecast Year 2008

As reported at end of month 82=100

	Nov.	Feb.	May	Aug.
For Forecast →	08Q1	08Q2	08Q3	08Q4
For Actual →	07Q3	07Q4	08Q1	08Q2
January 2007	168.2	168.2	168.2	168.2
February 2007	168.6	168.6	168.6	168.6
March 2007	169.4	169.4	169.4	169.4
April 2007	170.3	170.3	170.3	170.3
May 2007	170.8	170.8	170.8	170.8
June 2007	171.0	171.0	171.0	171.0
July 2007	171.4	171.4	171.4	171.4
August 2007	171.0	171.1	171.1	171.1
September 2007	171.2	171.2	171.2	171.2
October 2007	172.0	172.0		
November 2007		173.1		
December 2007		173.2		
January 2008		174.6		
February 2008				
March 2008				
April 2008				
May 2008				
June 2008				
July 2008				
Actual Qtr.	171.2	172.8	NA	NA

1980=100

Actual Qtr

First Mo next qtr

191.9	193.7	NA	NA
192.8	195.7	NA	NA

0 892 =1980



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PPI Commodity Data

Series Catalog:

Series ID : wpu03t15m05

Not Seasonally Adjusted

Group : Industrial Commodities less fuels

Item : Industrial commodities less fuels

Base Date : 8200

Data:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Ann
2007	168.2	168.6	169.4	170.3	170.8	171.0	171.4	171.1	171.2	172.0 (P)	173.1 (P)	173.2 (P)	170.9 (P)
2008	174.6 (P)												

P : Preliminary. All indexes are subject to revision four months after original publication.

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